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Weekend FT
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The rough etiquette of Russian deals
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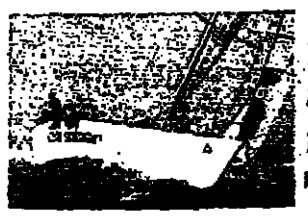
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Jürgen Schneider
Emergency exit of a property tycoon
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FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND APRIL 16/APRIL 17 1994 — D8523A

Schneider gives up fight and files for bankruptcy

Jürgen Schneider group, the German property empire plunged into crisis after the disappearance of the company's founder and chief executive, declared itself insolvent.

The bankruptcy application came the day after more than 40 banks owed more than DM5bn (*$2.9bn) by the group pledged to* undertake an orderly liquidation of its property portfolio. Page 22; Man in the News, Page 6

Former Soviet states bow to Moscow: Russia stamped its authority over the other 11 members of the Commonwealth of Independent States, using their anxiety to gain access to its markets to reassert Moscow's influence over the former Soviet Union. Page 3

Japan's LDP faces split: Japan's Liberal Democratic party, which ruled for 38 years until it was ousted last summer, was threatened when Michio Watanabe, a former foreign minister, said he was considering forming a breakaway party. Page 22

Skating champion John Curry dies

Former Olympic ice figure skating champion John Curry (left) died of an Aids-related illness. He was 44. He won the gold in the 1976 Winter Olympics at Innsbruck, where his style revolutionised the sport. Curry's innovative use of classical ballet and acrobatics heralded a new generation of skating stars, including fellow British Olympic champions Robin Cousins, Christopher Dean and Jayne Torvill.

CBOT quits Globex: The Chicago Board of Trade decided not to participate in a restructured Globex, the vehicle for round-the-clock, round-the-world futures trading created by Reuters at a cost of $200m. Page 9

Crédit Lyonnais staff reject job cuts: Workers at troubled French bank Crédit Lyonnais, recently baled out by the government in a FFr44.9bn ($7.7bn) rescue, rejected proposals to shed up to 3,800 jobs. Page 3

Digital Equipment, *US computer-maker,* reported heavier than expected losses of $183.3m in the third quarter, and warned it would cut 7,000 jobs, or 8 per cent of its workforce. Page 11

BSN and Saint Louis to merge lines: BSN and Saint Louis, two of France's largest food groups, are to merge their ready-to-serve food businesses to create a company which will rank third in Europe with sales of FFr8.4bn ($1.4bn). Page 9; Lex, Page 22

France presses EU plan: France put forward a formula by which it hopes to incite its European Union partners to follow its lead in adopting all EU policies as defined by the Maastricht treaty. Page 3

Wembley losses double: Debt-burdened London stadium and greyhound track operator Wembley blamed large property write-downs for annual pre-tax losses almost doubled to £65.7m ($95.9m) from a restated £34.1m. Page 8; Lex, Page 22

Doubt over Maxwell share deals: Evidence that the late Robert Maxwell used company pension schemes to buy shares long before his empire collapsed may mean the schemes have a higher claim on the assets of Maxwell Communication Corporation in *liquidation than previously thought.* Page 5

Land Rover to raise output: Rover group division Land Rover, manufacturer of four-wheel drive sports and utility vehicles, is increasing production by 8 per cent and creating 600 jobs at its plant at Solihull, central England. Page 4

Crackdown on industrial espionage: UK Home secretary Michael Howard is to crack down on industrial espionage and private surveillance by introducing legislation making it an offence to gain information by deception. Page 22

$203m for Walt Disney chief: Walt Disney chairman Michael Eisner received remuneration of $203m last year, said to be the highest of any head of a public company, the US magazine Business Week reported.

■ STOCK MARKET INDICES		
FT-SE 100:	3,168.3	(+36.6)
Yield	3.84	
FT-SE Eurotrack 100	1,471.48	(+4.41)
FT-SE-A All-Share	1,599.16	(+1.0%)
Nikkei	20,184.63	(+177.43)
New York lunchtime		
Dow Jones Ind Ave	3,667.71	(+4.46)
S&P Composite	446.78	(+0.38)
■ US LUNCHTIME RATES		
Federal Funds:	3 5/8%	
3-mo Treas Bills: Yld	3.673%	
Long Bond	87 7/16	
Yield	7.267%	
■ LONDON MONEY		
3-mo Interbank	5 1/4%	(same)
Liffe long gilt future:	Jun 108 3/8	(Jun107 13/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Jun)	$14.97	(14.83)
■ Gold		
New York Comex (Jun)	$379.4	(380.3)
London	$377.25	(377.5)

■ STERLING		
New York lunchtime:		
$	1.4720	
London:		
$	1.4735	(1.4771)
DM	2.5233	(2.5239)
FFr	8.6311	(8.6307)
SFr	2.1432	(2.1307)
Y	152.721	(153.731)
£ Index	79.9	(80.0)
■ DOLLAR		
New York lunchtime:		
DM	1.7115	
FFr	5.85525	
SFr	1.4535	
Y	103.53	
London:		
DM	1.7124	(1.7088)
FFr	5.8575	(5.8432)
SFr	1.4545	(1.4425)
Y	103.645	(104.08)
$ Index	66.4	(66.3)
Tokyo close Y 103.95		

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Inflation rate falls to 2.3%

Sharp slide in underlying figure boosts shares as hopes rise for base rate cut

By Philip Coggan and Antonia Sharpe

A sharp fall last month in Britain's annual rate of underlying inflation raised hopes yesterday that Mr Kenneth Clarke, chancellor of the exchequer, might soon be able to cut interest rates.

Speculation about a cut helped shares to rally, with the FT-SE 100 index rising 36.6 points to close at 3,168.3. The June long gilt future was up nearly a point.

The underlying inflation rate, which excludes mortgage interest payments, fell to an annual 2.4 per cent in March from 2.8 per cent in February, according to the Central Statistical Office.

The annual rate of increase is at its lowest level since the present reporting series began in 1975 and is thought by CSO statisticians to be lower than at any time since November 1967. Furthermore, underlying inflation is in the lower half of the government's target range of 1 per cent *to 4 per cent for the first time* since that goal was set in October 1992.

Analysts believe that the news on inflation, which followed disappointing numbers in February, *is a necessary – but not a suffi*cient – condition for a rate cut. Bank base rates were cut in February by ¼ point to 5.25 per cent.

Minutes of monthly meetings between Mr Clarke and Mr Eddie George, governor of the Bank of England, published this week, show that the two men agreed in early March that rates might be cut if inflation was under control and economic activity showed signs of weakness.

Market spirits buoyed by good inflation figure ....Page 6

Although the former has been achieved, recent economic statis*tics, such as manufacturing out*put figures, have been relatively buoyant. Next week's publication *of retail sales and unemployment* figures will therefore be scrutinised for signs of slowing activity.

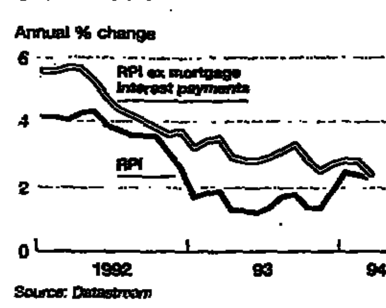
Speculation of a near-term cut in rates was increased yesterday when the Bank of England announced that its next auction of gilt-edged stock would have a short maturity. Short-dated gilts would be made more attractive by a rate cut. The headline rate *of annual inflation fell only* slightly to 2.3 per cent in March, from 2.4 per cent in February.

The retail prices index rose 0.3 per cent between February and March, with rises in the prices of food, household goods and clothing being offset by declines in telephone charges and spectacle prices.

April is likely to see a rise in the headline rate, as value added tax on fuel and the reduction in mortgage interest tax relief push *up the index and last year's fall* in local-government tax bills drops out of the comparison.

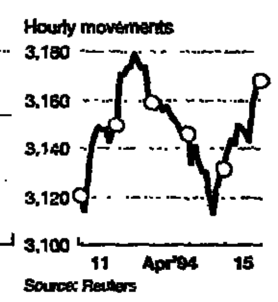
The Bank said it would auction gilts with a maturity of between 1997 and 2001 on April 27. Details of the issue will be announced next Tuesday. The Bank is also adding £150m at 164¼ to an issue of 2½ per cent index-linked bonds due 2011, and £100m at 116 5/16 to an issue of 2½ per cent index-linked bonds due 2024.

UK inflation



Source: Datastream

FT-SE 100 index



Source: Reuters

Reprieve on CGT could net taxpayers £4,000

By Scheherazade Daneshkhu and David Owen

The government said yesterday that individual taxpayers could continue temporarily to take account of inflation when calculating losses for capital gains tax purposes. The change could benefit higher rate taxpayers by up to £4,000.

The government's retreat on one of the most unpopular measures in the November Budget follows pressure from Conservative backbenchers and angry private investors.

Mr Kenneth Clarke, chancellor of the exchequer, has put forward an amendment to the Finance Bill to give "transitional relief" to individuals caught unawares by his Budget measure to end, with immediate effect, the indexation of losses.

Before the Budget, companies and private individuals were able to adjust capital gains and losses for inflation. The Budget continued to allow indexation of gains.

Yesterday's concession will apply to individuals and trustees but not to companies. Investors will be able to use indexation to create or increase losses by up to £10,000 on sales between November 30 1993 and April 5 1995. A higher rate taxpayer who used the maximum allowance would save £4,000.

Mr Nick Brown, a Labour front bench Treasury spokesman, said yesterday's move was "an attempt to buy off the protest of fairly well-to-do widows and orphans".

Individuals can report total capital gains of up to £5,800 per year without paying capital gains tax (CGT). The Inland Revenue estimates 125,000 taxpayers will pay CGT for the 1993-94 tax year, and projects CGT receipts of £1bn from individuals.

Mr Maurice Parry-Wingfield of accountants Touche Ross said: "The private investor will be thankful for this small mercy which is probably as much as can be realistically expected given the government's stated intention to crack down on what it sees as avoidance and raise revenue."

The Inland Revenue said the indexation allowance for losses had been "widely exploited for tax avoidance purposes by both companies and individuals". It estimated that without the Budget change, the Treasury would lose £3bn a year by the end of the

Continued on Page 22
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World trade talks completed after eight years

Ministers from 120 nations meeting in Marrakesh yesterday signed the historic Uruguay Round trade liberalisation package. Later, Japanese foreign minister Tsutomu Hata (right) and US trade representative Mickey Kantor emerged from a two-hour meeting saying their countries had moved closer to resuming bilateral trade negotiations on reducing Japan's massive trade surplus. *Report, Page 2* Picture: AP

Directors may keep share options secret

By Andrew Jack

Company directors will almost certainly be able to keep details of their share options secret because plans for greater disclosure have been caught in a legal loophole.

A proposed new accounting *standard that would have forced* publication in annual reports of the number and price of options granted to directors has been jeopardised because of difficulties in developing a satisfactory method of valuation.

The standard, which has provoked considerable controversy and debate between companies and shareholders, was due to be *circulated as a draft next month* by the urgent issues task force of the Accounting Standards Board.

Members of the task force had approved the text of a standard that would have required a table *showing in total and by director* the number of options and their exercise price.

However, legal advice recently obtained by the task force suggests that company law requires disclosure of options only if they can be effectively valued. Because they cannot, the lawyers say disclosure of option prices is not necessary for compliance with the law.

The legal opinion is a severe blow to the efforts of the task force to push for greater disclosure at a time when there is growing pressure for clearer accountability of senior manage*ment and for their pay to be* linked to performance.

The opinion will also make it *more difficult to fulfil the recom*mendations for complete information on directors' remuneration made last year in the report of the Cadbury committee on the financial aspects of corporate governance.

Similar reforms to boost disclosure of share options in annual reports are in progress in the US, where the Financial Accounting *Standards Board is holding a* series of public hearings.

The UK task force initially *planned to follow the line of the* US by placing a value on the options, but concluded that there *was no satisfactory formula* to provide a reliable valuation.

Existing companies legislation *and stock exchange rules do* require some aspects of directors' remuneration to be disclosed in the annual report.

The task force will still issue its recommendations on directors' options after its next meeting in May, but will not be able to make them mandatory.

Bosnian Serbs defy West with renewed offensive

By Edward Mortimer and Laura Silber in Belgrade and Bruce Clark in London

The Bosnian Serbs, defying Western air power and diplomatic pressure, mounted a fresh *offensive on the town of Gorazde* in which thousands of Moslem villagers were forced to flee their *homes and two British soldiers* were wounded yesterday.

A French jet circling Gorazde was hit in the tail by anti-aircraft guns, another indication that the Serbs are acting on their threat to avenge the Nato air strikes of last Sunday and Monday. The Etendard reconnaissance aircraft returned safely to the carrier Clemenceau in the Adriatic.

The new advance on Gorazde, a United Nations-designated "safe area" for Bosnian Moslems, forced waves of local inhabitants to flee from outlying villages into the town centre, which was also subjected to artillery fire.

"The Serbs are closing in on Gorazde town. They have gained *several kilometres of ground* from the east and the Bosnian army is withdrawing," said Major Rob Annink, *of the UN Protec*tion Force (Unprofor), in Sarajevo.

He made clear that the UN might have to launch more air strikes to protect UN observers *and relief workers in the area.*

General Sir Michael Rose, the UN commander in Bosnia, was understood to be weighing his options carefully in view of the fact that some 150 UN personnel were being held in varying degrees of captivity behind Bosnian Serb lines.

Major Annink said: "Unprofor will protect its personnel in Gorazde town by all means, including, if necessary, the means we used earlier this week."

In London, the Ministry of Defence declined to comments on reports that the wounded soldiers were members of the elite Special Air Services regiment.

Major Dacre Holloway, another *UN officer, told reporters in Sara*jevo: "The Bosnian army has basically crumbled in the [Gorazde] pocket. *Unprofor is trying*

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No 32,343 Week No 15 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Uruguay Round completed after 8 years

By Guy de Jonquières in Marrakesh

GATT

Governments from more than 120 countries yesterday drew a line under almost eight years of complex and often fraught negotiations by signing their names to the Uruguay Round. The world's most ambitious trade liberalisation package is expected to boost global economic output by at least $235bn by the year 2002, according to estimates by the Gatt secretariat after it takes effect next year.

As ministers unsheathed pens at the concluding conference of the General Agreement on Tariffs and Trade, their tributes to what had been achieved, their regrets about what had not been agreed and their prognoses for the future were overshadowed by wonderment that the enterprise had been completed at all.

Some saw more than just a further step towards global economic integration and re-affirmation of multilateral rules which have governed world trade for almost half a century. Mr Sergio Abreu Bonilla, conference chairman and foreign minister of Uruguay, where the round started in 1986, yesterday claimed it would underwrite political stability, above all in developing countries.

Yet for all the ritual declarations of unity and goodwill in Marrakesh, there have been conspicuous reminders that the squabbles, rivalries and jockeying for national advantage which threatened more than once to scupper the talks remain as fierce as ever.

Mr Mickey Kantor, US trade representative, may have moderated his language for the occasion. But he still insists his government has neither totally renounced the right to unilateral trade sanctions, nor relaxed its aggressive campaign to open Japan's markets, which other governments consider contrary to the spirit – if not the letter – of Gatt.

The developing countries, meanwhile, have refused to swallow assurances from ministers of industrialised countries that their demands to place workers' rights on the world trade policy agenda were not protectionism in disguise. Nor have repeated claims by Mr Peter Sutherland, Gatt director-general, that everyone will benefit from the Round removed worries in the poorest countries that some of the gains will be at their expense.

For the European Union, Sir Leon Brittan, trade commissioner, has somehow contrived to present himself as a shrewd and purposeful negotiator. That is a remarkable feat, given that the governments he is employed to represent – and above all the French – often seemed bent on undermining him by squabbling among themselves or trying to unravel previous agreements.

But at least the EU enlivened proceedings with a memorable impersonation of a pantomime horse. On the eve of the Uruguay Round signing ceremony, the 12 staged an acrimonious row about German banana imports, which France then turned into a minor crisis by threatening not to approve the new Gatt agreement to liberalise public procurement.

Like all farces, this one ended – more or less happily – with liberal applications of Brussels fudge. But not before other EU ministers had vented their spleen on Mr Gérard Longuet, French industry minister, for keeping them waiting at the negotiating table late into Thursday evening while he ostentatiously dined with friends in Marrakesh.

US and Japan closer to new talks

By Frances Williams in Marrakesh

The US and Japan said yesterday they had moved closer to resuming bilateral trade negotiations on reducing Japan's massive trade surplus.

However, the US made clear that Japan had not yet met Washington's conditions for restarting talks under their so-called framework agreement. These broke down in February after the failure of the Washington summit between President Bill Clinton and Mr Morihiro Hosokawa, then Japan's prime minister.

Mr Mickey Kantor, US trade representative, and Mr Tsutomu Hata, Japanese foreign minister, said they hoped informal bilateral talks could restart before the Naples economic summit of the seven biggest industrialised economies in July.

No date has been set for a further meeting between the two sides, partly in deference to the uncertainties in Tokyo. Mr Hata is one of the leading contenders for the premiership following Mr Hosokawa's sudden resignation a week ago.

Mr Kantor said his two-hour meeting with Mr Hata yesterday had been "good, thorough and positive". "Although we did not find the basis to begin informal talks today, we made progress and our door remains open," he said.

US officials said they had made specific proposals for establishing common ground in three areas covered by the framework accord: a "significant and sustained expansion" of domestic demand in Japan, overall goals for boosting imports of "competitive foreign goods and services", and the use of objective criteria for judging Japan's progress in meeting these goals.

Mr Kantor said he hoped to hear from the Japanese side "in the near future" whether the common ground required by the US could be reached. Mr Hata said he told Mr Kantor that, whatever the composition of Japan's new government, "it will continue to bring forward Japanese market-opening and reform".

The February summit failed to reach agreement because of Japan's opposition to the use of quantitative indicators demanded by Washington, which Japan fears could lead to managed trade based on numerical import targets.

While declining to discuss details of the US conditions, Mr Kantor said Washington "has never asked for numerical targets".

Yesterday's talks, which followed a meeting between Mr Hata and US Vice President Al Gore on Thursday, were the highest-level contacts between the US and Japan since February.

EU patches up bananas dispute

By Guy de Jonquières

The European Union yesterday papered over an internal row about banana imports, which had threatened to overshadow the signing of the Uruguay Round trade accord and could have jeopardised a parallel international agreement to liberalise public procurement.

The dispute was sparked by Germany's concern that by signing the Uruguay Round, it could prejudice the outcome of a court case it has brought which challenges the EU's new banana import regime.

France had said that unless Bonn withdrew the case, Paris would hold up EU approval of an agreement in the Gatt to open to international competition public contracts worth more than $300bn a year.

The conflict was defused when the 12 agreed to a Commission statement recognising Germany's right to pursue its legal case but prohibiting it from linking bananas to approval of the Uruguay Round.

France said it was satisfied but German officials said they would continue their fight for the right to import more Latin American "dollar" bananas.

Hint of recovery in Japan's economy

By William Dawkins in Tokyo

Japan's econonomy showed a tentative sign of recovery yesterday, with the first decline in corporate bankruptcies for four years.

The number of company failures fell 2.9 per cent to 14,019 in the fiscal year to the end of March, said Teikoku Databank, a credit research group. Companies' liabilities also fell, by 10.7 per cent over the same period to Y6,650bn (£43bn), the second consecutive year of decline.

The result appears to support the Bank of Japan's belief that the worst is over in the country's longest economic slowdown since the war. However, Teikoku said the number of corporate collapses specifically caused by the recession rose 14.6 per cent, showing that times are still hard for some.

Optimists believe a rise in housing starts and consumer spending is paving the way for Japan's first post-war consumer-led upturn.

Mr Tsutomu Tanaka, vice minister at the government's economic planning agency, said yesterday signs had emerged in recent months that the economy would "continue growing with greater brightness" this year.

Small businesses, often the first to feel economic change, this week told a survey by the Association of Shinkin Banks that the decline was halting. Shinkin credit banks specialise in small business lending.

But a reminder of the economy's continued fragility came yesterday when the Ministry of International Trade and Industry revised down its preliminary estimate of industrial production for February.

Output fell by 0.1 per cent from January to February, instead of rising by 0.2 per cent.

By comparison with February last year, output fell by a revised 4.4 per cent, said Miti. Officials said the change was due to lower-than-expected sales of pharmaceuticals, whisky and lumber products.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl- Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International).
Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell

FRANCE
Publishing Director: J. Rolley, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D

DENMARK
Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41. Fax 33 93 53 35.

Old-style party baron makes grab for power

William Dawkins on the ambition of Japan's Michio Watanabe

Japan's opposition Liberal Democratic party yesterday faced the uncomfortable prospect of being split up by one of its own barons.

The outspoken Mr Michio Watanabe, 70, who yesterday threatened to form his own party and relaunch his three-year-old campaign for the prime ministership, is a veteran product of the LDP's faction system.

Japan's political battles are about power more than ideology. But if his ambitions were to succeed, Mr Watanabe would shift this wobbly government's centre of political gravity to the right and mark a step back to the old style of backroom rule by an elderly elite.

Mr Watanabe's supporters argue that he can claim more experience than the other two contenders for the prime ministership – Mr Tsutomu Hata, 58, the foreign minister, who was easy frontrunner for the job until yesterday, and Mr Yohei Kono, 57, the LDP's president. Mr Watanabe has been a cabinet minister five times and worked his way through the LDP ranks to lead the party's third largest faction.

He believes in a more internationally assertive Japan than does either Mr Kono or Mr Hata. Mr Watanabe used to belong to the same political club as Mr Shintaro Ishihara, the maverick right-wing LDP member who wrote the book, The Japan that can Say No.

Until recently, Mr Watanabe looked as if he would never return to politics, after being forced by suspected cancer last year to give up his job as foreign minister in the previous LDP government. He joked recently that his mouth – well known for issuing tactless remarks – was the first organ to recover and maintains, seriously, that he is now on robust form.

Mr Watanabe's skin is certainly thicker than that of prime minister Mr Morihiro Hosokawa, who resigned over allegations of corruption. The LDP faction leader is no stranger to such problems, being implicated, along with half the cabinet at the time, in the 1988 Recruit shares-for-favours case.

He quipped at the time that if people wanted honest politicians, they should elect priests. That remark has since acquired an unintended twist with the rise of the Buddhist-backed Komeito clean government party as an important part of the coalition. Yet Mr Watanabe's past links with shady financial dealings could equally prove a liability.

Mr Watanabe's blunt manner and fondness for speaking in his local Tochigi (central Japan) dialect gives him popular appeal. At the same time, tactlessness could be a nuisance at this sensitive moment in Japan's international relations.

He once said many Chinese live in holes, not helpful when Japan is looking for closer relations with this powerful neighbour. Another remark, that US blacks "polluted" white neighbourhoods is unlikely to endear him to President Bill Clinton.

Equally, Mr Watanabe's weak health could hinder his chances of winning support to take on what must be one of the toughest prime ministerships in the industrialised world. Yet he does not give in easily.

This is his third shot for the top job, after failing to beat former prime minister Mr Kiichi Miyazawa in 1991 and then losing the party leadership election last year to Mr Yohei Kono.

Mr Watanabe yesterday: veteran product of the LDP's faction system — Associated Press

Zulu king holds key to peace in Natal

The colourful traditional monarch has to be taken seriously, argues Patti Waldmeir

SOUTH AFRICAN ELECTIONS April 26-28

Watch out for King Goodwill Zwelithini. It is easy to dismiss the slow-spoken king, hereditary monarch to South Africa's 9m Zulus, as merely the toy of Chief Mangosuthu Buthelezi, leader of the Inkatha Freedom party and chief minister of the KwaZulu black homeland.

But the king will live on after apartheid – and talks with him will continue despite the spectacular collapse of all other constitutional negotiations this week. Chief Buthelezi will soon have lost his position as KwaZulu head, and Inkatha will be in the extra-parliamentary wilderness. But the threat which King Goodwill poses – of inflamed Zulu nationalism – will endure. Indeed, the new government will face few more dangerous challenges.

That is why Mr Nelson Mandela, African National Cougress president, has spent so much time trying to woo King Goodwill. For the king is Inkatha's biggest political asset, the key to unlocking the support of millions of traditional Zulus. Recent opinion polls show a steady decline in support for Chief Buthelezi, but a rise in support for Inkatha. This seems to be explained by a surge of allegiance to the king – cleverly provoked by Chief Buthelezi himself, who dragged the king on to the political stage to demand Zulu autonomy once Inkatha's efforts to negotiate regional devolution had failed.

The ANC responded by trying to strike a separate peace with the king, to isolate Chief Buthelezi and neutralise the threat of Zulu ethnicity. So far, this has failed, because the ANC tried to entice the king with no more than what one local columnist called "the trinkets of monarchy": the promise of pomp and circumstance, and a ceremonial role.

There can be no such cheap deal with the king to bring peace to KwaZulu and the surrounding Natal province. If he poses a real threat to stability – as the ANC seems to believe – a substantive and not a symbolic solution will be needed to remove it. And that will mean satisfying Chief Buthelezi as well as King Goodwill.

Not since the days of King Shaka, the 19th-century founder of the Zulu nation, has so much attention been paid to the Zulu monarch. Goodwill, the eighth Zulu king, was installed in 1971; within a decade, he had been subdued by Chief Buthelezi, his uncle, who castigated him publicly before the KwaZulu legislative assembly and threatened to cut his stipend when he thought the king was nurturing independent political ambitions.

Since then, he has used the king cleverly as a focus to build a new Zulu nationalism, now the basis of Inkatha's support. Dressed in leopard skins, or the double breasted suits and dark sunglasses so beloved of African leaders, King Goodwill regularly stirs Zulu pride with complaints of slights, real or imagined, to the nation and its monarch.

This is powerful stuff, in a country where the trappings of modern industrial society only thinly mask the more traditional world – at least in KwaZulu/Natal – of tribal chiefs and spirit healers. Even ANC radicals believe Inkatha can use the institution of the king to undermine a new government, as well as to provide an alternative power base for Chief Buthelezi. As prime minister to the king, a role he has long filled under Zulu custom, the chief will at least have a phone, fax and photocopy machine in the king's palace.

For his part, the king says he is preparing for the final fight to liberate the Zulus from decades of foreign oppression, under the British, the Afrikaners and soon the Xhosa-dominated ANC. That may sound like bluster – but it is a brave person who ignores it.

South Africa's commercial capital, Johannesburg, is bracing for further violence after the youth wing of the Inkatha Freedom party said yesterday it would stage a mass protest in the city from Monday, write Patti Waldmeir in Durban and Mark Suzman in Johannesburg.

The Inkatha Youth Brigade said it would enforce a work stayaway on Monday, adding: "Anyone who comes to town will do so at their own risk." It was not clear that the national leadership of Inkatha supported the stayaway. But after the last Inkatha march on Johannesburg, in which 53 people died, residents of the city are likely to take the new Inkatha threat seriously. Inkatha protest actions will take place in Johannesburg throughout next week, the last week before polling starts in the first all-race elections. Mr Charles Loliwe, the Youth Brigade's Johannesburg chairman, said Inkatha would march on the headquarters of the African National Congress, the offices of the Independent Electoral Commission, police headquarters and the South African Broadcasting Corporation. It would also stage a sit-in at the Johannesburg Stock Exchange.

Police said such marches would be illegal under emergency regulations.

King Goodwill: not merely Buthelezi's creature

WORLD NEWS DIGEST

US industrial output up 0.5%

US industrial production rose 0.5 per cent in March, slightly less than expected, but figures for previous months were revised higher, indicating solid economic growth in the first quarter. The rate of capacity utilisation in manufacturing rose to 82.8 per cent – close to the level historically associated with upward pressure on inflation.

The Federal Reserve said output in several industries had picked up sharply after weather-related weakness in January and February. But the overall increase in output was held back by a drop in production of motor vehicles following a surge in preceding months. Vehicle output fell to an annual rate of 13m units last month against 13.9m in February, the highest level of output in any month since the 1970s. Industrial output was also depressed in March by a decline in electricity production after an unusually cold winter. Excluding vehicles, factory output rose 1 per cent in March following a 0.3 per cent gain in February and unchanged production in January. Overall industrial production rose 5.1 per cent in the year to March. *Michael Prowse, Washington.*

No-fly zone patrols halted

The US yesterday suspended for at least 24 hours all fighter patrols over the "no-fly" zone in northern Iraq where two US jets shot down two US helicopters on Thursday, killing 26 people. Flights by Awacs radar aircraft are not affected. Mr William Perry, defence secretary, said he had ordered an immediate review of all operational procedures, including those mandating "hair-trigger" responses, in the three areas where the US participates in no fly zones – northern Iraq, southern Iraq and Bosnia.

Mr Perry said that the fighter pilots' failure correctly to identify the helicopters in clear air was a major factor in Thursday's accident. No voice contact between the fighters and helicopters was established, he said. The White House reacted strongly to Republican criticisms that the Clinton administration's cuts in defence spending had contributed to the accident, saying "attempts to politicise the tragedy are highly inappropriate". *Jurek Martin, Washington.*

South Korea offers concession

South Korea yesterday offered a key concession to encourage North Korea to resume international negotiations on nuclear inspections. Seoul decided to drop a demand that the two Koreas must first exchange special envoys before North Korea is allowed to hold another round of high-level talks with the US on the nuclear issue.

North Korea's refusal to exchange envoys has blocked progress in achieving a diplomatic solution to the nuclear inspection dispute. The concession is likely to increase pressure on North Korea to accept inspections of its nuclear sites by the International Atomic Energy Agency before an early-May deadline. The US has offered to hold new negotiations with North Korea on possible diplomatic recognition if Pyongyang permits the IAEA inspections. The IAEA is likely to seek renewed contacts with North Korea next week on full inspections, which were halted in mid-March. *John Burton, Seoul*

Ciba-Geigy faces big tax bill

Japan's tax authorities have sent Ciba-Geigy Japan, a subsidiary of the Swiss chemical and pharmaceuticals group, an additional tax charge of Y5.7bn (£37m) for allegedly inflating royalty payments to its parent company between 1990 and 1992. The move is the latest by Japan's national tax administration agency to extract penalty taxes from foreign multinational groups operating in Japan believed to have transferred locally made profits overseas.

Ciba-Geigy said the assessment was unjustified and outrageous with regard to international taxation standards, and it would use all possible avenues to oppose it. "In this matter Ciba-Geigy has the full support of the Swiss authorities," it said. Last week Japanese tax authorities agreed to reimburse AIU, the US insurance company, for some of the back taxes collected under the transfer pricing tax rules following discussions with US tax officials. *Emiko Terazono, Tokyo.*

Italy 'breaking TV advert rules'

The European Commission yesterday threatened to take Italy to court for its failure to ban advertising during news, religious, children's and documentary programmes lasting less than 30 minutes. It said Italy was infringing the European Union's "Television without frontiers" directive, which sets minimum requirements for EU broadcasters. The commission also believes Italy is discriminating against other EU broadcasters through a regulation requiring public agencies to devote 25 per cent of their advertising budget to local operators. *Gillian Tett, Brussels.*

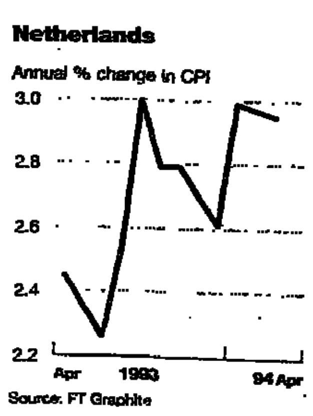
Polish debt deal goes ahead

Poland's western government creditors in the Paris Club have put into operation the final phase of a deal aimed at halving Poland's sovereign debt. Under the second tranche of the Paris Club agreement Poland's sovereign debt, estimated at $28.7bn (£19.6bn) by the Finance Ministry, is to be reduced by around $3.4bn while interest payments in coming years are to run at below market rates. However, the creditors "reserved the right to review their decision" to make sure it is compatible with debt reduction agreement Poland struck with the London Club of commercial bank creditors last month. This is to put additional pressure on owners of $12.3bn Polish commercial debt, unhappy at the 42 per cent London Club debt reduction, to accept the arrangement, Mr Kenneth Clarke, Britain's chancellor, said on a visit to Warsaw yesterday. The Poles expect to complete the London Club deal in the autumn but some Polish debt holders have protested that the agreement is too generous to Warsaw.

● The Paris Club yesterday agreed to reschedule $200m of Bulgarian debt repayments due in the year to March 1995. The move follows an agreement between Bulgaria and the International Monetary Fund signed this month. *Christopher Bobinski, Warsaw, and David Buchan, Paris.*

ECONOMIC WATCH

Dutch inflation rate surprises



The Dutch consumer price index rose a provisional 0.6 per cent in March from February, giving a 2.9 per cent year-on-year rise, the Central Bureau of Statistics said yesterday. Economists said both the month-on-month and the year-on-year rises in March were steeper than expected. "It was slightly disappointing," Mr Jeroen de Leeuw, economist at Rabobank Nederland, said. He had expected the March CPI to rise 0.4 per cent from February. Nevertheless, some economists said the slightly higher-than-expected increase in consumer prices might indicate the Dutch economy is recovering. It has been stagnant since mid-1992, but the government forecasts a rise in gross domestic product of a real 1 per cent, after hardly any growth in 1993.

■ Italy's foreign trade surplus with non-European Union countries rose to L2,073bn (£863m) in February from L248bn a year earlier. The state statistical office attributed the bigger surplus to increased exports by traditionally strong industries such as textiles, clothing, metallurgy and other industrial manufactured goods.

■ Finland's underlying rate of inflation was 2 per cent a year in February, up from 1.9 per cent in January.

Bank of Spain ex-chief under fire

By David White and Tom Burns in Madrid

Mr Mariano Rubio, the man whose signature stands next to the King of Spain's head on the Pta10,000 (£50) banknote, yesterday sat facing a committee of MPs on live television accused of speculating on the stock market, holding a secret account, evading tax and using privileged information.

In an atmosphere of growing nervousness in the Socialist administration about the potential fallout from the affair, Mr Rubio, former governor of the Bank of Spain, told deputies he was "not aware" of having held a clandestine account or having cheated the taxman.

Presented with allegations from the conservative Popular party that he had bought shares in Banco Español de Crédito (Banesto) shortly before a hostile takeover bid for the bank in 1987, he told the congress's economy and finance committee: "I have no idea how these purchases could have happened." The bid by Banco de Bilbao subsequently failed.

Ms Luisa Fernanda Rudi, Popular party spokeswoman on the committee, told Mr Rubio his replies had "clarified little or nothing".

Mr Rubio's business affairs returned to the forefront of Spanish political debate last week when the daily El Mundo alleged he salted away profits from stock investments in a Pta130m account hidden from the tax authorities.

Mr Rubio was governor of the central bank under the Socialist government from 1984 to mid-1992, when he was linked to a controversy surrounding a failed banking venture, Ibercorp. The bank was run by a close friend, Mr Manuel de la Concha, who controlled Mr Rubio's equity portfolio.

Questioned about Ibercorp's affairs yesterday, Mr Rubio said the bank had been closely supervised and that "things are discovered always too late". The former bank governor, smoking and stumbling over his replies, appeared extremely tense and uncomfortable.

The affair is all the more embarrassing for the government since it coincides with a separate parliamentary investigation into alleged illicit enrichment by the former head of the paramilitary Civil Guard, Mr Luis Roldán, who resigned last year.

The opposition has seized on these controversies to accuse the government of widespread Italian-style corruption.

The Rubio affair has brought into question the future of Mr Carlos Solchaga, Socialist parliamentary leader and former economy minister during Mr Rubio's governorship.

Senate hands defeat to Berlusconi

By Robert Graham in Rome

The Freedom Alliance headed by media magnate Silvio Berlusconi yesterday failed to obtain a majority vote in favour of their candidate for the key post of Senate speaker.

This represented a serious rebuff to the Alliance and underlined the difficulties a proposed Berlusconi-led government would face in obtaining the necessary vote of confidence in the Senate.

"The government cannot govern if its policies are not shared by both houses of parliament," Mr Berlusconi warned after the vote. "If this happens, there is no choice but to go to the polls to seek a new majority mandate... but I hope this can be avoided."

In two rounds of voting yesterday on the opening of Italy's 12th post-war legislature, Mr Carlo Scognamiglio, the Alliance candidate, obtained fewer votes than Mr Giovanni Spadolini, outgoing speaker and former Republican premier.

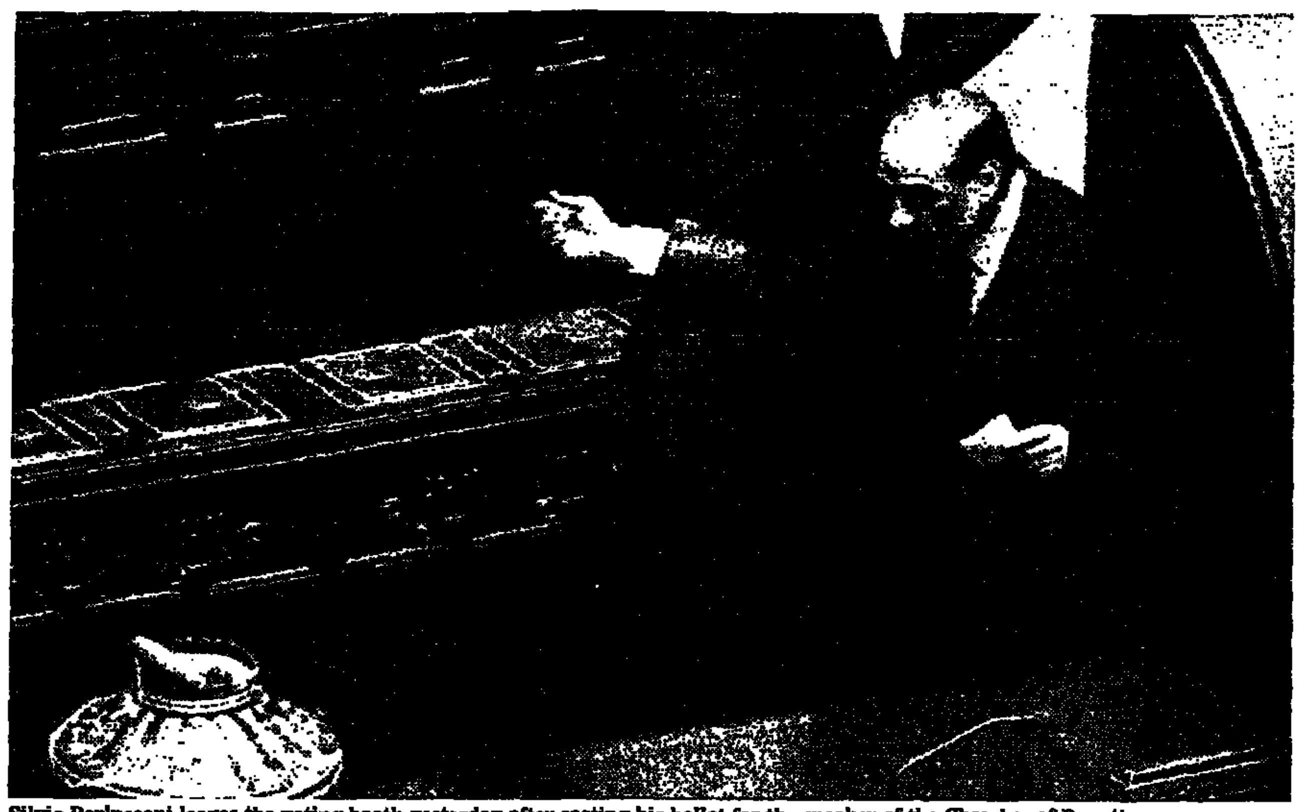
On the first round, Mr Scognamiglio, an economist and former Liberal senator who defected to Mr Berlusconi's Forza Italia, obtained 153 votes against Mr Spadolini's 156 from a total of 315 elected and 11 life senators. On the second round, each obtained one more vote.

The Alliance – composed of Forza Italia, the populist Northern League, the neo-fascist MSI/National Alliance and the small Christian Democrat Centry Party – on Thursday decided to back its own senate candidate rather than seek a broader agreement with other parties. This position had been strongly canvassed by the League and was accepted with reservations, since some within Forza Italia had wanted to back Mr Spadolini as an institutional figure.

Another round of voting will be held today. . If the Alliance loses the vote again, it may have to drop Mr Scognamiglio.

Ms Irene Pivetti, the Alliance's 31-year-old candidate for chamber of deputies speaker, looked set to be voted in.

Andrew Hill adds from Verona: Mr Carlo Azeglio Ciampi, Italy's outgoing prime minister, yesterday warned that a new government should not tamper with the broad framework for economic recovery established in the last two years. Mr Ciampi told 2,000 Italian entrepreneurs there were "no short cuts on the road to economic well-being".



Silvio Berlusconi leaves the voting booth yesterday after casting his ballot for the speaker of the Chamber of Deputies Reuter

Former Soviet states bow to Moscow

By John Lloyd in Moscow

Russia yesterday stamped its authority over the other 11 members of the Commonwealth of Independent States, using their anxiety to re-establish severed links and gain access to its markets as a means of reasserting Moscow's influence over the former Soviet Union.

President Boris Yeltsin said that "these steps should not be the end, but the beginning of economic integration".

The most dramatic sign was a decision by Ukraine to join as an associate the "economic union" which now links all CIS members – a signal of a weakness aggravated by the election earlier this week of a Kiev parliament even more split than the previous one.

In a further vivid demonstration of Russian domination, the Central Asian states as well as Georgia and Armenia agreed that Russian troops should police their borders together with their own forces. In addition, Ukraine and Moldova have signed a memorandum as a step towards this.

All agreed that Russia should send peacekeeping forces to Abkhazia, the region in Georgia which has claimed sovereignty and beaten back Georgian government forces from the area. This decision was taken in spite of the lack of any agreement by the United Nations that peacekeepers should be sent there. Mr Eduard Shevardnadze, the Georgian leader, urged the Security Council to approve the operations.

According to aides, Mr Yeltsin began the meeting in the Kremlin by telling his fellow presidents to "take as much co-operation as corresponds to the interests of our states" – an ironic reference to Mr Yeltsin's famous and controversial advice to the Russian regions and republics in 1991 to "take as much sovereignty as you can cope with".

In a further decision symbolic of Russian power, it was agreed that Russia remain chairman of the CIS for the rest of the year rather than switching chairs after six months, as has been the rule.

The CIS leaders agreed on an Interstate Economic Commission to inject some discipline into the plethora of agreements signed yesterday and at previous meetings, aimed at integration of their economies. These included agreements gradually to lower customs barriers with the eventual aim of creating a customs union.

Mr Yeltsin, who appeared fitter after a trip to Spain, warmly commended the economic union signed between Belraus and Russia earlier this week.

Bruce Clark adds: Russia, in a fresh sign of a chill in east-west relations following the air strikes in Bosnia, has confirmed it will not sign up in the near future to the co-operation agreement with Nato known as Partnership for Peace.

This move was originally scheduled to take place next week, although Moscow has sent some conflicting signals about its intentions.

Mr Yeltsin said in Spain this week that Russia was in no hurry to sign up to the partnership, which calls for joint military exercises, exchanges of know-how and the possibility of eventual full membership of Nato.

The Russian parliament's lower house last night unexpectedly passed the Russian budget, but proposed large increases in spending which the government is unlikely to accept, John Lloyd reports. The vote – to accept the budget "as a basis" – was taken after an earlier vote in the lower house, or state duma, had turned it down. The resolution also called for the government to bring forward the 1995 budget by September of this year – a reflection of parliament's frustration at not being given the 1994 budget until March.

France urges 'hard core' of EU members

By David Buchan and David Marsh in Paris

France yesterday proposed a formula by which it hopes to incite all its European Union partners to follow its lead in adopting all EU policies as defined by the Maastricht treaty.

Mr Alain Lamassoure, France's European affairs minister, suggested that, "when the decision is made to pass to monetary union, certain European countries, including France and Germany, should propose the status of 'new founding members of Europe' for the largest possible number of countries applying all the [Union] policies, in the monetary, security and social fields."

Acknowledging such a status would create yet another division between EU states, Mr Lamassoure said: "The distinction would not last for ever." He hoped creation of a club of founder-members of the new Europe would have a "contagious" effect in drawing along laggards in its wake, so that eventually all would have the same status.

Mr Lamassoure's proposal, made in a speech to the annual conference of the Assocation for European Monetary Union, was vague, implying that self-styled founders of the new Europe would be linked more by a political declaration than any new version of the Treaty of Rome, which launched the European Community in 1957. Because of this, officials from the UK and Denmark, which have important opt-outs from the Maastricht treaty, played down its significance.

But it appears to mark a shift in French policy towards Europe. French ministers – particularly Mr Alain Juppé, who as foreign minister is Mr Lamassoure's senior – have tended to accept, even vaunt, the new "variable geometry" of Maastricht that lets countries opt in and out of the treaty's monetary, defence and social commitments.

However, in the wake of French criticism of Germany for being too soft on the Nordic countries in recent accession negotiations, Mr Lamassoure's remarks seem to reflect a growing French feeling that a hard core of EU members must take a stand to prevent European integration becoming ever more ragged.

On prospects for monetary union itself, Mr Lamassoure said the decision about which countries would be fit to adopt the single currency would be essentially a political one, saying, for instance, it was inconceivable that Belgium, whose debt far surpassed the Maastricht guideline, would not be a founder member of the currency union.

Mr Jean-Claude Trichet, Bank of France governor, added that Maastricht's debt criterion "could perhaps be looked at more closely". For his part, Mr Reimut Jochimsen, a Bundesbank board member, said: "It may be relatively easy to enter the final stage [of monetary union], but whether it will last is open to history", echoing the German constitutional court's warning that so sacrosanct were the Maastricht criteria that they could be used to expel countries from the currency union.

● Mr Trichet forecast that "the gradual lowering of short-term interest rates in Europe will be continued... without [in the case of France] jeopardising the stability or credibility of the currency".

Crédit Lyonnais stoppages

By Alice Rawsthorn in Paris

Workers at Crédit Lyonnais, the troubled French bank recently baled out by the government in a controversial FFr44.9bn (£5.2bn) rescue, yesterday rejected proposals to shed up to 3,800 jobs in France over the next three years.

Crédit Lyonnais's branches throughout the day were disrupted by strikes and stoppages by staff protesting against the cuts. Several hundred employees staged a demonstration outside the group's grandiose headquarters on Boulevard des Italiens in Paris before a morning meeting between Crédit Lyonnais's unions and management.

Mr Jean Peyrelevade, who in November was appointed by the government to chair the bank, last month called on its 38,000 French employees to accept a radical rationalisation plan as part of his efforts to bring Crédit Lyonnais back into the black after a FFr6.9bn net loss last year.

The proposals include the loss of 1,000 jobs in France this year followed by the loss of 2,100 to 2,800 posts over the next two years. The Peyrelevade plan is by far the most dramatic cost cutting initiative in the French banking industry.

Mr Peyrelevade has claimed that a large proportion of the proposed cuts could come from natural wastage such as early retirement and transfers to part-time working. However the banking unions, which earlier this year staged an industry-wide strike against less radical cuts, are concerned that, if Crédit Lyonnais accelerated its rationalisation, other banks might follow suit.

EBRD puts emphasis on business

By Anthony Robinson in St Petersburg

The European Bank for Reconstruction and Development (EBRD) will focus its attention more sharply on financing east and central Europe's private banks and budding entrepreneurs if bank governors and shareholders in Europe and North America approve the bank's new strategic plan at the annual meeting here.

The revised strategy for the slimmed-down bank, now headed by Mr Jacques de Larosière, former managing director of the IMF, was drawn up after the resignation of Mr Jacques Attali, the bank's first president. This followed a stormy annual meeting in London last year and attacks on over-spending, excessive bureaucracy and neglect of the needs of fledgling entrepreneurs.

The new focus has already upgraded the merchant banking aspect of the bank's activities, headed by Mr Ron Freeman, a former US investment banker, at the expense of the development banking side. The EBRD was always intended to focus at least 60 per cent of its spending on private projects, not to replicate traditional infrastructure projects financed by the World Bank and EIB.

The bank's potentially strategic role in financing the reconstruction or closure of eastern Europe's dangerous Soviet-designed nuclear power stations has also been frustrated by legal delays.

UK receivers say insolvency procedures stymied combined international sale

Lancer Boss hit by EU discord

By Andrew Baxter,
Kevin Brown and Andrew Jack

The receivers to Lancer Boss, the UK lift truck producer, yesterday attacked the differences in UK and German insolvency procedures which have prevented a sale of the combined UK and German businesses together.

Mr Allan Griffiths, a partner at Grant Thornton, said "lack of harmony" in European Union insolvency legislation was "a matter of concern to me and the insolvency profession".

He said he would have preferred to have been in control of all the group's subsidiaries, including Steinbock Boss, which went into German receivership a week ago and was purchased on Thursday by Jungheinrich, the Hamburg-based lift-truck producer.

The purchase puts Jungheinrich in a strong position to buy Lancer Boss in the UK but Mr Griffiths said there was still active UK and foreign interest in acquiring the company.

Jungheinrich has yet to launch a bid and Mr Griffiths will meet Jungheinrich executives early next week to discuss a trading relationship between Steinbock Boss and Lancer Boss in the UK.

Mr Griffiths' comments come at a time when EU officials are in talks over the possibility of increased co-operation on insolvency matters, including a draft bankruptcy law across the EU.

The Department of Trade and Industry is also understood to be taking a close interest in the difficulties of the UK receivers at Lancer Boss that have been caused by the different approach of the German receiver.

DTI officials said it was too early to say whether the Lancer Boss collapse would give fresh impetus to discussions between EU members on the administration of cross-border receiverships.

Mr Griffiths said he still believed that the value of Lancer Boss would have been maximised by the sale of the combined UK and German businesses. But, following the sale of Steinbock Boss, he would seek to sell the UK business as a going concern and was encouraged by the interest received, including some new approaches.

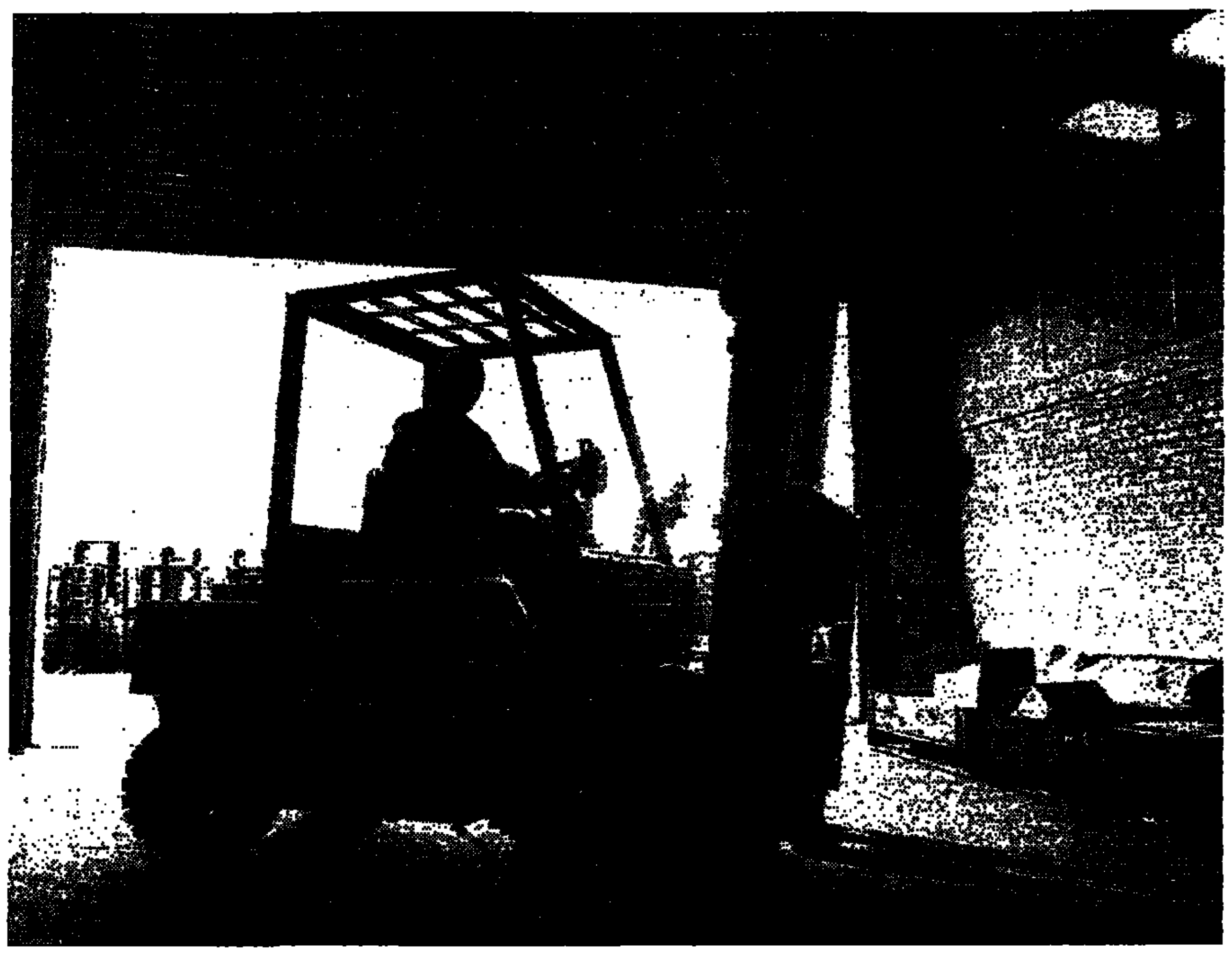
He stressed that Lancer Boss continued to trade and was operating normally, and said: "I believe the right organisation can make it pay."

But he said he would not be able to sell the company until he had tied up a trading relationship with Jungheinrich. There is considerable trading of products and components between Steinbock Boss and Lancer Boss.

Meanwhile Mr Ludwig Schneider, a German-based management consultant and restructuring specialist who was appointed late last year as Lancer Boss' first group chief executive, refused to comment on his time at the UK company.

Mr Schneider, it is believed, was introduced to Lancer Boss's co-owner Sir Neville Bowman-Shaw by Bayerische Hypo-Bank, lead bank for Steinbock Boss. Sir Neville said Mr Schneider was the "exclusive interface" with Jungheinrich in protracted discussions about a possible takeover.

He would not say why Mr Schneider, a Brazilian who works for CMI, a Munich consultancy, left the company in February, although it is known that Mr Charles Whyte was appointed by Lancer Boss' UK banking group to replace him.



Fergus Wilde

Lancer Boss's receivers have been encouraged by the interest shown in the company's factory in Leighton Buzzard, Bedfordshire

Toppled chief looks back in acceptance

But the collapse 'need never have happened'. Andrew Baxter reports

For a man who has just lost control of a business he built from nothing to one of the UK's largest privately held manufacturing groups, Sir Neville Bowman-Shaw shows a remarkable lack of bitterness.

It is remarkable because Sir Neville, who, with his brother Mr Trevor Bowman-Shaw, owns Lancer Boss, says the receivership of the largest UK-owned lift-truck producer need never have happened. "It's a great pity, as there were alternatives on the table," he says.

In the past few days Sir Neville has been almost a bystander in one of the most unusual and fastest-moving corporate collapses seen in UK manufacturing industry.

His version of events reveals how, in hindsight, he might have acted differently.

Last autumn, he says, Bayerische Hypo-Bank, lead bank for Lancer Boss's German subsidiary Steinbock Boss, suggested that Lancer Boss should meet potential German investors in the company. Protracted talks began with Jungheinrich, the Hamburg-based lift-truck producer, but it was not until March 18 that an offer was received.

The offer, says Sir Neville, was for Lancer Boss' German, Austrian, UK and Irish operations. It was for a nominal amount, he says, and was rejected.

Meanwhile, he adds, the company's UK banks and some of the German banks had become concerned that there was only one suitor for Lancer Boss. In response Sir Neville identified "three or four" alternative investors. Deals with any of these, he says, would have ensured full payment of Lancer Boss' creditors.

Jungheinrich, he says, came back on March 30 with another nominal offer for the German and Austrian companies, and eventually presented Sir Neville with a seven-day conditional offer on the Thursday after Easter.

Sir Neville says he was told by legal advisers that he should not sign the contract.

Following the refusal, the German banks withdrew facilities from Steinbock Boss and, a few hours after a receiver had been appointed to the German unit on April 8, Mr Allan Phillips and Mr Scott Barnes of Grant Thornton were appointed receivers to the UK operations.

Sir Neville reflects that he should never have let Lancer Boss develop with two separate banking groups. "I am not being anti-German," he says, "but the fact is that the German banking group thought a national solution was satisfactory, but I think they are wrong. NatWest were looking for a more European solution."

He should also have also given Lancer Boss a better financial structure, he adds. He had tried to clinch a deal two years ago with a trade investor that would have secured a long-term future for Lancer Boss, but was overtaken by the recession.

Now Sir Neville says he faces a more austere future. And what does he miss most? "My driver – people said I'd miss my driver most of all and it's true. We were in the same regiment."

Satellite music channels planned

ICT-Europe, a satellite music company, plans to offer 86 channels of compact disc quality music throughout Europe by the end of the year, Raymond Snoddy writes.

The 24-hour music channels which will range from chart hits, alternative rock and country music to opera and classical will be broadcast on the Astra satellite system. The ICT service, Digital Music Express, is already available on cable television networks in five European countries.

The company yesterday announced a deal with British Sky Broadcasting, the satellite venture in which Pearson, owners of the Financial Times holds a significant stake, to offer the 86 channel service to subscribers. There will be no advertisements or disc jockeys.

● BSkyB has concluded a five-year film deal with PolyGram Film International for UK pay-television rights for all English language films produced or acquired by PolyGram.

British Gas cuts industrial prices

British Gas took its gloves off yesterday for the first time in competition with independent suppliers when it cut prices for industrial users.

The company reduced prices for its largest industrial customers by 9 per cent and offered middle-range users – such as small businesses, shops, hospitals and schools – reductions of between 3 per cent and 7 per cent.

Cancellation for Lloyd's syndicates

Managing agents have told Names on three further underwriting syndicates at Lloyd's of London that their participation in the syndicates will be cancelled from next year.

They are Christoperson Heath, managing agent of equity motor syndicate 218, and GS Christiansen and Hardy which have given notice to Names backing syndicates 958 and 382 through members agency pooling arrangements which allow Names to spread their risk by investing in a number of syndicates.

Earlier this month Mr Michael Cockell told Names – the individuals whose assets back the market – on syndicate 570 that their participations would be cancelled.

Postal strikers defy union call

Liverpool postal workers yesterday decided to continue their unofficial strike in spite of a call by Mr Alan Johnson, the general secretary of the UCW communications union, to return to work.

The action, which blew up over a disputed tea break, involves about 900 workers.

Theft of notes from Bank denied

Mrs Christine Gibson, accused of being the prime mover in the theft of banknotes from the Bank of England's used notes destruction depot at Debden, Essex, yesterday denied in the High Court that she had smuggled out £20 and £50 notes in her clothing.

The Bank is suing three couples for £600,000. Mrs Gibson is being sued with her husband Peter for more than £300,000. She was never prosecuted for theft. All six deny taking the money.

The hearing was adjourned to Monday.

Brokers fined for Kuwaiti deals

By Norma Cohen,
Investments Correspondent

Record fines have been imposed on two stockbrokers who earned bonuses of about £1m each for helping to sell assets of a Kuwaiti client after Kuwaiti assets were frozen in August 1990 following the Iraqi invasion.

The client is believed to be the Kuwait Investment Office, the investment arm of the Kuwaiti government.

The two men, Mr Anthony John Edward O'Sullivan and Mr Lucas Van der Ploeg, were managing director and executive director at London-based Sassoon Europe, a subsidiary of Singapore-based stockbroker Sassoon, which is itself 49 per cent owned by the KIO.

The Securities and Futures Authority, the self-regulatory body for the industry, said yesterday that the two liquidated "a large holding" from the client's portfolio in the Dutch and German markets through Sassoon Overseas, a related company in Hong Kong.

"They succeeded in selling some DM1bn of the portfolio over two days and the proceeds were paid to the client despite the freeze orders."

The SFA said both received payments in Dutch guilders equal to about £1m which were not disclosed to Sassoon.

They also helped a "senior employee" of the same client earn additional income through a "skimming" operation – they wrote up contract notes to purchase securities, mostly French equities, at inflated prices.

The senior employee had threatened that the client's business with Sassoon would dry up unless the two men agreed to the operation.

The men earned about £500,000 each from the activities while roughly £2m – the difference between the actual and reported price for the securities – was paid into Swiss numbered bank accounts on behalf of the senior employee.

The pair have since made restitution for their part of the benefits from the skimming operation.

Mr O'Sullivan has been fined £200,000 and ordered to pay £33,206 in costs while Mr Van der Ploeg has paid a fine of £100,000 and £5,000 in costs. Both have been expelled from SFA registers.

Mr O'Sullivan has notified the regulatory body that he intends to seek judicial review of its decision.

Japanese ahead in first new-car customer survey

By Kevin Done
Motor Industry Correspondent

J.D.Power, the leading US automotive consumer research group, has launched its first customer satisfaction survey of new car buyers in the UK and is planning to expand the service to include other markets in Europe.

The results of its first UK study, which was published yesterday, show that Toyota, the Japanese carmaker, has achieved the highest level of overall customer satisfaction.

The motor industry in Europe has previously resisted J.D.Power's attempts to expand from its base in North America preferring to use its own privately syndicated quality and customer satisfaction information.

These data have always been guarded with strict confidentiality by the manufacturers and have never been made public.

J.D.Power's study has measured car owners' attitudes both to the quality of their vehicles as well as to the service and care they receive from their dealers.

The top half of the rankings in the study is dominated by Japanese producers with Mazda and Honda in second and third places, Daihatsu fourth equal, Subaru seventh, Mitsubishi 10th and Nissan in 13th place.

The highest ranked European producer is Mercedes-Benz at fourth equal, with Saab eighth, Skoda ninth and BMW in 11th position. Hyundai of South Korea was in 12th place with Proton of Malaysia fourth equal.

The performances of the leading volume carmakers in the UK Ford, Vauxhall (General Motors), and Rover are all ranked below average in the study along with Peugeot, Citroën, Volkswagen, Renault, Audi, Fiat, Lada, Volvo, Seat and Suzuki.

The J.D.Power studies, first launched in the US in 1981, have been a driving force in improving quality in the US car industry.

Greeted at first with intense scepticism and hostility they helped to convince the big three US carmakers General Motors, Ford and Chrysler, that they were lagging far behind their Japanese rivals.

Land Rover to create 600 jobs

By Kevin Done

Land Rover, the division of the Rover group, is increasing production by 8 per cent and creating 600 jobs at its Solihull plant in the West Midlands.

The company, the leading European manufacturer of four-wheel drive sports and utility vehicles, is increasing output of its Discovery range by 14 per cent.

The Discovery is being launched in the US this month and is expected eventually to quadruple Land Rover's US sales. Output is being raised in response to the US launch as well as to meet rising demand in the UK and in several other smaller Land Rover markets worldwide.

Rover, a subsidiary of BMW of Germany, expects Land Rover production to reach a record 85,000 this year. The previous production peak of 68,621 was reached in 1990.

Output rose last year by 19 per cent to 68,159 from 57,332 a year earlier. Land Rover increased its workforce by 600 last year and introduced a second shift at its Solihull plant in the autumn.

The further 600 jobs, to be added this spring, will raise the Solihull workforce to more than 9,000.

Output of the Discovery is to be raised from 1,050 to 1,200 a week from the beginning of May. Total output, including the Range Rover and Defender ranges, will be increased from 1,800 to 1,950 a week.

Land Rover expects sales of the Discovery in the US to total more than 6,000 this year and more than 10,000 in a full year. US sales of the Range Rover and Defender ranges rose by 16 per cent to a record 4,907 last year out of total worldwide sales of 73,527.

In the autumn the company is launching a new generation Range Rover, which will become the group's flagship luxury four-wheel drive vehicle.

Workers approve bus company sale

By David Goodhart,
Labour Editor

One of the UK's largest and most successful companies operating under an employee share ownership plan (Esop) yesterday reverted to the status of an ordinary company when the takeover of the Yorkshire Rider bus company by Badgerline was approved in an extraordinary general meeting.

Since October 1988 the employees of Yorkshire Rider have owned 49 per cent of the shares in the company but voted 2,847 to 684 in favour of selling to Badgerline, the Avon-based operator.

Yorkshire Rider made a pretax profit of £3.9m on turnover of £83.9m for the year to March 31 last year. The employees had been negotiating to buy part of the 51 per cent stake owned by the management when Badgerline offered £3.80 a share.

The unions initially rejected the bid but most employees will receive around £6,000 after tax for the stake which cost them nothing in 1988.

There was some resistance to the sale from those who wanted to increase the employee stake and give the workforce an equal voice on the board.

One of the two worker directors, Mr Mohammed Taj, publicly opposed the sale, but the other worker director, Mr Adrian Arthur, supported it.

One union official said: "It really did make a difference. A lot of people had started to feel that they really did own the company. We were starting to do away with all the us-and-them feelings, now we've thrown it all away."

Mr Malcolm Hurlston, of the Esop Centre in London, said: "It is always sad to lose an Esop but it shows that employees can earn the wages of capital. Employees do not normally get a large lump sum when their companies are taken over."

John Plender, of the Financial Times, yesterday receiving a 1993 Wincott award for financial and economic journalism from Mrs Joyce Wincott, the widow of Mr Harold Wincott.

The awards were established in 1970 in memory of Mr Wincott, a distinguished financial journalist.

John Plender was named senior financial journalist of the year. Winners in other categories were: junior financial journalist, Robert Chote of The Independent; financial journal, The Mail on Sunday; business broadcaster, Ian Ross of Channel 4 News; best business programme, Sky TV for *Gatt – the Big Deal*, produced by Sara Holmes.

Picture: Tony Andrews

Tangled technological debate on Channel 5's fate

Raymond Snoddy reviews the options and complex arguments over the development of digital TV services

Sir George Russell, chairman of the Independent Television Commission, has urged the government to make up its mind as quickly as possible on whether to go ahead with Channel 5.

In a letter to Mr Peter Brooke, national heritage secretary, he warns that there is a limited window of opportunity for such a channel and that the ITC wants to decide next month whether to re-advertise the franchise. More than a year ago the ITC turned down the only bidder for the channel mainly on the grounds of inadequate investor commitment.

If a decision is taken next month to try again, it would create at least the possibility of a new television channel capable of reaching three-quarters of the population being on air by the end of next year.

The decision on the future of a channel encouraged by the 1990 Broadcasting Act has become tangled in a net of passionate arguments about the future technology of broadcasting, the ambitions of the Department of Trade and Industry's industrial hopes for digital TV, and powerful vested interests.

At the heart of the argument is the debate over whether it is wise to go ahead with the last possible national television channel using existing analogue technology or whether all available spare frequencies should be reserved for the rapidly advancing digital technology.

Nearly everyone involved in the dispute acknowledges that all television pictures will be digital one day. By turning television pictures into a stream of digits, the language of computers, the pictures can be compressed and at least four channels squeezed into the space presently occupied by one.

The debate is over the cost and pace of change and, above all, over what can be offered economically to attract viewers to new digital services given the public's multi-billion pound investment in television sets.

Many engineers believe the cross-over period – when new services and the traditional channels such as ITV and BBC1 will have to be broadcast simultaneously -- could be as long as 15 years.

There is disagreement among engineers over the extent to which an analogue Channel 5 would pre-empt the development of digital services. Mr Gary Tonge, ITC controller of engineering, believes the effect would be marginal.

A decision is on hold until the Radio Communications Agency completes a study on the issue for the DTI, which has control of frequency allocation and a strong interest in promoting a new digital television industry.

Supporters and detractors are lining up in a predictable way.

ITV is expressing interest in new digital channels mainly because it wants to kill off Channel 5, which would compete for advertising revenue. The BBC approach is taking its traditionalist stance: if there is to be a new world of digital television with several hundred television channels the corporation would like to be part of it.

The British Radio & Electronic Equipment Manufacturers Association is against Channel 5 using existing technology because it wants to sell the digital technology to consumers. The Incorporated Society of British Advertisers is equally adamant that there should be a conventional Channel 5 to provide more competition for advertisers.

Perhaps the most powerful argument of all has come from Channel 5 Broadcasting, one of the consortia planning to bid for the licence if it is advertised.

Channel 5 Broadcasting brings together Time Warner, the US media giant, MAI, which controls Meridian the ITV company for the south of England, and Pearson, owners of the Financial Times. Its business plan envisages spending £600m on programmes over five years.

NBC, the US network company, has also expressed interest in putting together a consortium to bid for the licence and there are almost certainly others who have not yet declared their hand.

Earlier plans for Channel 5 envisaged using two channels, 35 and 37, now used for tuning in video recorders. This would have meant a bill estimated at £70m for retuning video recorders which otherwise would have suffered from interference from the Channel 5 signal.

Work by the ITC and NTL, the former IBA engineering division, suggests that using spare frequencies in some areas and different frequences for small relay transmitters in others could reduce the retuning bill to between £5m and £20m. This would virtually free channel 35, which could be used for digital services, but only for single national ones with no regional variations.

BBC engineers have been exploring the prospects of using these "single-frequency networks" for extra channels but Mr John Birt, BBC director general, is emphasising that no policy decisions have yet been taken and that the BBC would be unable to fund future digital services from the licence fee.

As Mr Philip Lavin, controller of BBC Engineering Policy said at a conference this week, it is relatively easy to introduce digital transmission but ensuring widespread adoption of digital receivers by the public is much more difficult.

He added: "It is crucial to recognise that technical feasibility must not be confused with commercial viability."

Insider doubts over Maxwell shares deal

By Norma Cohen, Investments Correspondent

New evidence has emerged that Robert Maxwell was using share dealings with company pension schemes to earn profits for his private interests long before financial pressures threatened his empire.

As a result, the pension schemes may have a higher claim on the assets of Maxwell Communication Corporation in liquidation than other creditors had believed.

A High Court judge, meanwhile, has raised the possibility that Maxwell may have had inside information when he made the share dealings more than seven years ago.

The events in 1986 and 1987 have only come to light after a dispute between the trustees to the Maxwell company pension schemes and Price Waterhouse, administrators to MCC.

High Court documents show that pension schemes controlled by Maxwell bought shares in Beecham, the drugs company, from Philip Hill Investment Trust (PHIT) in September 1986, a week before Maxwell's British Printing and Communications Corporation (BPCC) – as MCC was then known – completed its agreed takeover of the trust.

Less than two months later, after Maxwell had raised cash by selling other assets of PHIT, BPCC bought the shares back from the pension schemes for a short period during which Beecham's share price rose sharply. He sold them back to the pension schemes on March 2 1987, earning a £17.5m profit for BPCC.

Mr Justice Vinelott, delivering a judgment on the matter last February, questioned whether Maxwell may have had inside information when he decided to keep the Beecham shares.

Mr Justice Vinelott wrote: "When all the facts are known, the conclusion may be that the sale to MCC on December 15 was made at a time when Mr Robert Maxwell had good reason to believe that the market price of the shares was likely to rise substantially and that the purpose of the purchase and resale was simply to ensure that the increase in price benefited MCC and not the pension funds."

The 12.46m Beecham shares were by far the largest single investment in the PHIT portfolio, according to the PHIT annual report for the year to the end of March 1986.

The chairman of PHIT was Lord Keith of Castleacre, who was also chairman of Beecham. Beecham was engaged in a restructuring exercise which resulted in sharply improved earnings around the time of the share transactions. In the following year, it merged with SmithKline, the US-based pharmaceuticals company.

Mr Justice Vinelott said in his judgment that, although the PHIT portfolio was liquidated by Goldman Sachs on behalf of MCC, "Lord Keith was anxious that the shares of Beecham should not be placed on the market and exacted from Mr Robert Maxwell an undertaking or assurance that they would be retained as a long-term investment."

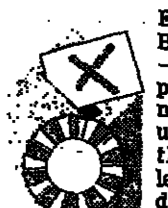
At the time, Goldman Sachs announced that it had sold the PHIT Beecham shares to pension fund investors, but did not disclose their connection to Maxwell.

Lord Keith said this week he had sought an assurance that the Beecham shares be placed in safe hands because: "My interest was to see to it that they were sold in an orderly fashion. What I didn't want was a great block of shares floating in the market."

Lord Keith said he strongly doubted that Maxwell had any inside information.

Moreover, he said, he could not recall Maxwell ever asking him about affairs at Beecham on any of the very few occasions when the two met. "He was just a punter," Lord Keith said.

Fierce street fights loom in leafy suburbs



Ealing, Enfield, Brent, Croydon – for most people, these names conjure up little more than quiet, leafy and nondescript suburbs of London. But over the next three weeks, the boroughs surrounding the capital will be the focus of some of the most intense local elections campaigning in the UK.

The outer London boroughs comprise the last large patch of Conservative blue on the local authority electoral map of the UK. In 1990, the last time London took part in local elections, the Conservatives lost ground around the country but retained control of 13 of the capital's 32 borough councils.

Suburban boroughs, such as Croydon have never been anything other than Conservative. Others, such a as Barnet, are archetypal Tory territory. To lose them would be disastrous for the party's image, at a time when it holds only one county council.

"The Conservative London boroughs have represented an important bridgehead for the party in local government," says Professor Patrick Dunleavy of the London School of Economics. Serious Tory losses would worry the many MPs with constituencies in these areas, adding to pressures on Mr John Major's leadership.

For Labour, the campaign also poses a difficult challenge. The party's defeat in the last general election was largely put down to its inability to make headway in the affluent south of England. If it were unable to take many of the Tories' council seats, doubts about Labour's electability in the south would intensify.

The Tories hold several of the London councils by small majorities. In Ealing, Labour needs five seats to gain control. In Enfield, they need three.

A single-figure swing against the Conservatives in London could lose them Harrow, Croydon and Redbridge. Double-figure swings would dislodge them from Barnet, Bexley and Bromley.

The nature of the contest will vary from borough to borough. In Croydon and Enfield, a straight, old-fashioned contest is expected between Labour and the Conservatives. Labour believes this is fertile ground, containing middle-class voters who were Labour supporters in the 1960s.

In the more affluent suburbs of Sutton, Harrow and Barnet, the Liberal Democrats will be very strong challengers to the Tories.

In Labour-held Greenwich, a strong showing by the Liberal Democrats could create a hung council. In Kingston-upon-Thames, the Liberal Democrats have the best chance of wresting the council from the conservatives.

A strong showing by the Liberal Democrats at the expense of Labour may help reduce the Conservatives' embarrassment in the face of serious losses. As Professor Dunleavy puts it: "At the end of the day, the Tories might still contain the misery of their defeat by saying 'Look what happened to Labour'."

James Blitz

Thames divides stormy voting waters

Controversy may well wash away ruling parties, find **John Authers** and **Motoko Rich**

The inner London boroughs of Lambeth and Westminster, facing each other across the Thames, have both in the past year been the subject of damning reports from the Audit Commission, the government's watchdog for councils.

It is now up to their voters to decide whether these "local" issues are important.

The councils are political opposites. Lambeth gained notoriety as a "Loony Left" Labour council during the 1980s, while Westminster, under the leadership of Dame Shirley Porter, was a Conservative flagship.

According to the district auditor, Lambeth made more than £20m in unlawful payments to contractors. The council is making strenuous efforts to put its house in order, but Liberal Democrats still hope to take advantage, claiming that six by-election victories have put them on course to capture the borough.

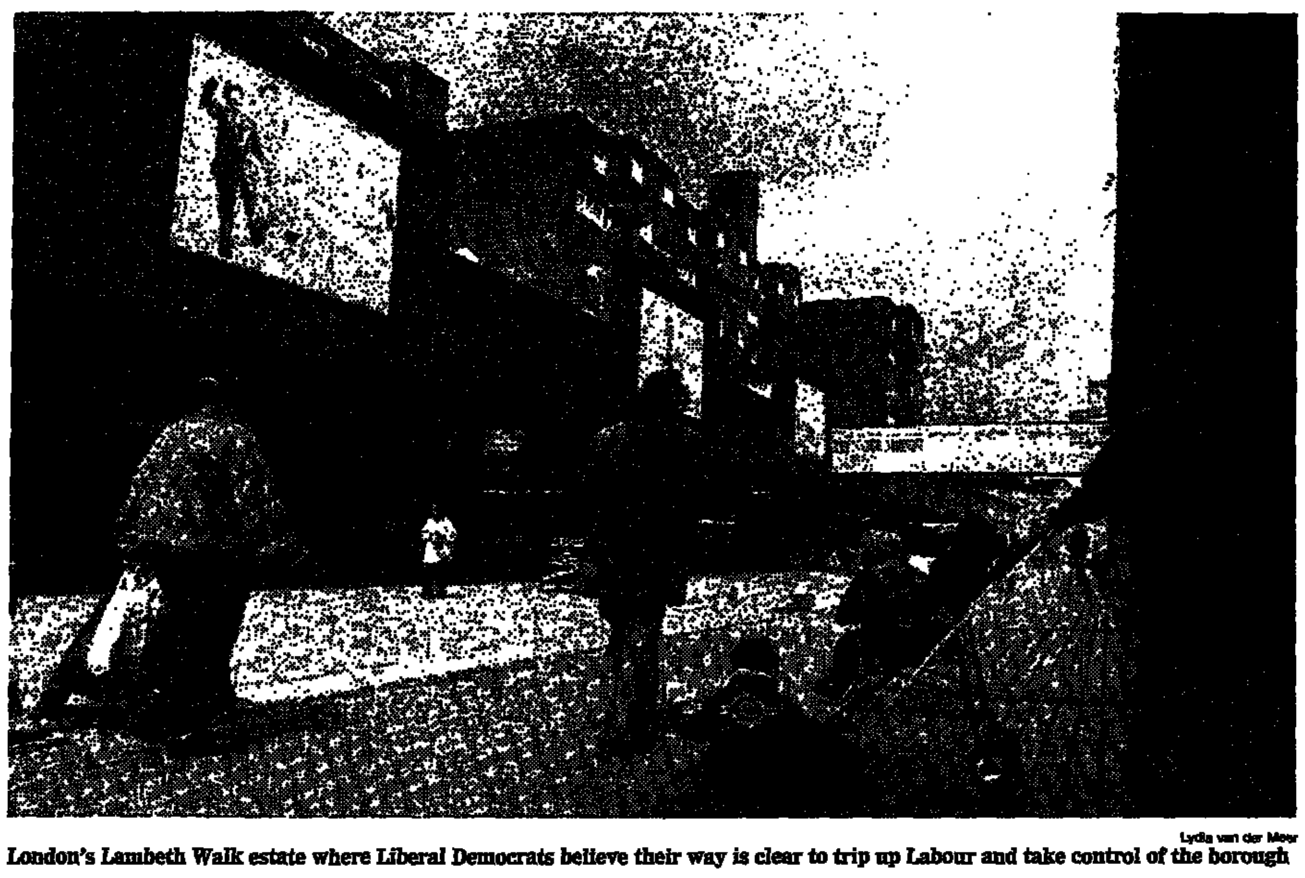
They claim they have "Big Mo" on their side – a reference to the "momentum" US presidential candidates try to achieve in primary elections – while a "scandal-plagued and exhausted" Labour is "running scared".

In January, the auditor gave a provisional opinion that Westminster council was guilty of "gerrymandering" by selling council houses in marginal wards to Tory voters.

Dame Shirley and nine other officials and councillors, one of whom has since committed suicide, were found provisionally liable for repaying £21.5m. Labour is the only other party on the council, and could gain.

But most local elections are decided on national issues, and that looks likely to happen in both Lambeth and Westminster this time. Scandals seem to have served only to increase disillusionment with the political system as a whole.

On the Lambeth Walk estate, typical of the council blocks run by Lambeth, canvassers are putting the scandal factor to the test.



Lydia van der Meer

London's Lambeth Walk estate where Liberal Democrats believe their way is clear to trip up Labour and take control of the borough

Through the bars of his door, one man voiced his hatred for the Labour council to Ms Sally Prentice, a Liberal Democrat councillor: "You want to get them out. It's murder around here." A woman, angry about problems in buying her flat, said she opposed the Labour administration in Lambeth, but not the national party, and would vote Liberal Democrat "for the council, but not for parliament".

Disillusionment prevails. One white-haired woman rasped: "I don't think it makes any difference who runs it, do you?" Gesturing angrily at a broken window catch, awaiting repair for more than five years, she said: "Last time I even voted for the Militant."

Like many others on the estate, she disliked the Labour council but was planning not to vote at all. The Liberal Democrats could break through, but mobilising the doubters will be a tough task.

In Westminster, Labour activists are cautious about their chances of winning the borough. Millbank was the only ward allegedly gerrymandered by the Conservatives which Labour managed to hold in 1990. With Victorian terraced homes of the wealthy and influential - including several Tory MPs - backing on to inner city estates it appears a world away from Lambeth.

But canvassing the neighbourhood last week, Mr Peter Bradley, a Labour councillor, met with similar anger, disillusionment and uncertainty.

Mr Buckfield, 47, a resident in the Tachbrook Estate, a block of social housing in Pimlico funded by the Peabody Trust, told him he has grown tired of the scandals. "I have stopped voting. I am disillusioned. What's the difference if you're in power or the Conservatives?" he asked, before cheerfully promising his wife's vote for Labour.

Referring to an earlier controversy when Westminster sold three cemeteries for 15p, he said: "Lady Porter got away with selling the graveyards and moving people out. You can't reverse these things."

In Ponsonby Place, an elegant street of family homes near the Tate Gallery, residents were surprised to see Mr Bradley on the doorstep because they did not realise an election was imminent.

"I have not given it much thought yet," said Ms Atlanta Pollock, a young professional who thought that "local government is hideously corrupt." And she added: "Sorry, what is gerrymandering?"

Ashdown urges free information on uses of taxation

By Kevin Brown, Political Correspondent

Mr Paddy Ashdown, the Liberal Democrat leader, yesterday called for full hypothecation, or earmarking, of tax revenues to help overcome public distrust of politicians.

Delivering the Williamson memorial lecture at Stirling University, Mr Ashdown said that only a "fundamental change" in the way politics was conducted could restore public trust in government.

"Finding ways to recreate a sense of value for taxation must be a central element in rebuilding confidence in, and reconnecting people with, the political process," he said.

"There is no reason why the government, on its tax demands, should not follow the directive it has given to town halls to set out where individual taxpayers' money goes.

"Then we could go further, with public spending generally aspiring to the clarity and symmetry of a road toll – a specific charge levied to maintain a specific facility."

Mr Ashdown said the aim should be "that taxpayers see themselves as the nation's shareholders – required to come to a consensus decision, not on how much money to contribute to a pool from which random sums are later drawn, but on whether to set aside particular sums for clearly defined purposes."

Mr Ashdown's comments represent the clearest commitment by any of the major political parties to hypothecation. They also mark a significant advance on the Liberal Democrats 1992 election manifesto, which limited the party's commitment to earmarking to education spending.

The government remains strongly opposed to hypothecation, mainly because of strong opposition from the treasury, which fears that earmarking would reduce the flexibility of economic policy and make public spending cuts harder to achieve.

Mr Gordon Brown, Labour's economic spokesman, has indicated sympathy for limited hypothecation, but the party is unlikely to commit itself before the conclusion of policy reviews by its economic and social justice commissions.

Market spirits buoyed by good inflation figure

By Philip Coggan, Economics Correspondent

The good news on inflation in March came as a relief to markets which had been disappointed by the February figures. Not only did the headline and underlying rates fall, but analysts believe that the core measure of inflation, used by the Bank of England, also declined.

The Bank's inflation measure, known as RPI (Y), excludes the effects of tax as well as mortgage interest payments. Although the Bank only publishes the measure every quarter, Mr Don Smith, UK economist at Midland Global Markets, calculates that the rate fell to 2.1 per cent in March, from 2.5 per cent in February.

Food prices rose by 0.6 per cent between February and March, according to the Central Statistical Office, but the annual rate of growth in food prices dropped back to 0.2 per cent, the lowest since May 1983. Increases in seasonal food prices were offset by a low rate of growth in non-seasonal food.

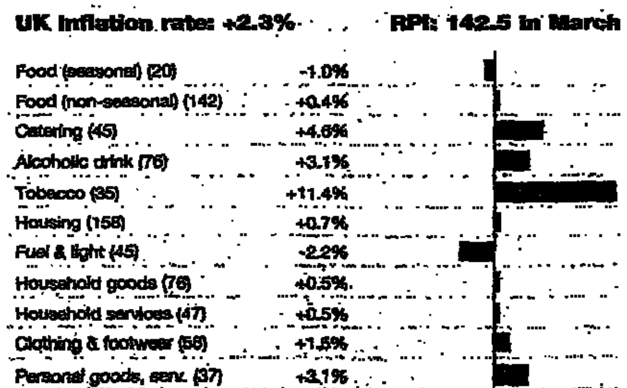
Two areas – household goods and clothing and footwear – continued to show rebounds from the January sales. Together with food, these components contributed 0.25 percentage points to the RPI's 0.3 per cent monthly increase.

Price falls were recorded in a couple of areas: household services, where the main influence was British Telecommunication's abolition of the morning peak-time rate; and personal goods and services, where the chief cause of the fall was a decline in the price of spectacles.

Inflation is likely to rise next month, as a host of special factors affect the index. The imposition of value added tax on fuel will add around 0.37 per cent to the RPI. The Central Statistical Office does not, at present, intend to take account of customers who pre-paid fuel bills to avoid VAT.

The reduction in mortgage interest relief will add 0.24 per cent to the RPI, although not to the underlying rate. Council tax bills were 9 per cent lower than poll tax bills, a factor which knocked 0.3 per cent off the index in April 1993. The benefit of that change will drop out of the annual comparison, and this year's increase of between 2 per cent and 3 per cent will add a further 0.1 per cent. However, April 1993's excise duty increases, which pushed up the RPI by 0.5 per cent, will also drop out of the annual figures.

The cumulative effect of these measures will add around 0.5 per cent to the index. However, since core measures of inflation may have slowed since April 1993, the headline rate may not jump by the same amount. Greenwell Montagu is expecting the headline rate to rise to 2.6 per cent while Goldman Sachs thinks it will increase to 2.7 per cent.



PM's secret pals forced on display

By Kevin Brown

Mr John Major may be increasingly friendless at Westminster, but he still has some well-heeled, if secretive, friends in the business world.

They struck a bizarre blow for the embattled prime minister yesterday, paying £4,212 for a two column advertisement in The Times to honour the second anniversary of his 1992 general election victory.

The advertisement consisted of a reprint of last Saturday's Financial Times editorial comment on Mr Major – which cost the well-heeled supporters a further £350 plus VAT in syndication fees. But the stunt backfired, mainly because of the businessmen's attempts to hide their identity, signing the advertisement "the friends of the prime minister".

The advertisement was placed by Mr Alan Gold, a London public relations consultant, for a group called Friends of the Conservative Party, based in Fortune Green Road, north-west London. The building's occupants, a professional photographer and a firm of chartered accountants, denied all knowledge of the group.

Eventually, it emerged that the advertisement was paid for by Mr Benjamin Perl, a businessman who runs Foframes, a photograph frames manufacturer in Mr Major's Huntingdon constituency. Mr Perl is understood to be a friend and admirer of the prime minister. Associates said he felt Mr Major was being badly treated by MPs and parts of the press.

But political observers were mystified by his choice of the FT leader as support for Mr Major. Some thought it was a hoax, partly because of a series of spelling mistakes which did not occur in the original.

The leader credited Mr Major with achievements on inflation, Ireland and Europe, but also noted the humiliation of Britain's ejection from the European exchange rate mechanism, and the shortcomings of the back-to-basics and law and order campaigns.

It concluded: "Mr Major will always lack charisma and his last two years have been unfortunate, occasionally inept."

A statement issued through Mr Gold said that Mr Perl and his associates "read and respect both The Times and the FT, but felt that the FT's editorial deserved a wider readership". It added: "The fact that that the editorial gave a fair and balanced viewpoint in no way diminishes their unqualified support for and admiration of Mr Major."

The prime minister appeared less than impressed by Mr Perl's efforts. Downing Street said he was "bemused and surprised" by the advertisement.

Boost for Labour's reflationary activists

By Kevin Brown

Labour activists pressing for a strongly reflationary economic policy were given a substantial boost yesterday when Mr John Edmonds, general secretary of the GMB general workers' union, accepted presidency of the Full Employment Forum.

The forum, founded by Mr Bryan Gould, MP for Dagenham, has campaigned strongly for a big increase in borrowing to reflate economic demand and a more relaxed approach to inflation.

Mr Edmonds said he had agreed to replace Mr Gould, who is returning to his native New Zealand, to help maintain pressure on Labour to put full employment "at the top of the policy agenda."

Mr Edmonds was careful to minimise differences between himself and the leadership, noting that he was "encouraged" by recent statements on economic policy by Mr Gordon Brown, the shadow chancellor.

However, he endorsed Mr Gould's call for the next Labour government to increase borrowing by "about" £10bn above the level inherited from the Conservatives, including the release of accumulated local authority capital receipts.

Echoing the leadership, Mr Edmonds said it was not reasonable for the government to demand detailed economic policies at this stage of the electoral cycle.

However, he also backed left-wing pressure on the leadership to set targets for investment and cuts in unemployment during the life of the next Labour government. He emphasised that "the policy of full employment must be credible in every sense".

Retreat on Welsh colliery closure

British Coal has reprieved Tower colliery in Mid Glamorgan, which it had sought to close yesterday with the loss of 250 jobs, Roland Adburgham writes.

Members of the National Union of Mineworkers at Tower, the last deep mine in south Wales, voted yesterday to continue their opposition to the closure and reject the redundancy terms. After the vote, British Coal withdrew its proposal "in light of the strength of the NUM's feeling and the union's optimism for the future of the colliery".

British Coal announced last week that it intended to close the pit yesterday. It is now intended to carry on production at the present rate, although there are 420,000 tonnes of coal on the surface at Tower.

Sizewell B faces consultation delay

A further round of public consultation on Sizewell B, the Suffolk nuclear power station, could cost about £30m, Nuclear Electric, the plant's owners, said last night.

The pollution inspectorate yesterday announced that it was asking Nuclear Electric to supply more information about the £2bn pressurised water reactor. The decision follows the High Court's ruling earlier this year, in deciding to allow the go-ahead of the Thorp nuclear reprocessing plant, that the economic and environmental costs and benefits of nuclear plants must be fully evaluated before they are allowed to operate.

South West Water to pay damages

The owner of a beach in Cornwall has won damages from South West Water for environmental damage caused by a sewage outfall.

Neither Mr Mike Saltmarsh, who owns the beach and a holiday park, nor South West Water, disclosed the level of damages. Mr Saltmarsh had been seeking £2.4m.

Consumers 'less willing to buy'

Consumer confidence fell in March, reflecting potential unease before this month's tax increases, a survey by the Birmingham Midshires Building Society says.

The poll, by ICM Research, asks consumers about their intentions to make substantial purchases, such as a car, a TV or a cooker, over the next six to 12 months. The figures are then converted into an index, which fell from 108 in February to 105 in March (August 1991=100).

National Savings receipts lower

National Savings contributed £4.14bn to government funding in the 1993-94 financial year, down from £4.38bn the previous year.

National Savings said the amount raised was "against a background of strong competition from other forms of savings, including equity-related products".

Commons backs oil spill liability

Owners of all large ships, not only laden oil tankers, will be liable to pay compensation for pollution caused by oil spills under a bill approved by the Commons yesterday.

Mr David Harris, Tory MP for St Ives, who introduced the Merchant Shipping (Salvage and Pollution) bill, said it would remove an anomaly that had benefited owners of large container or passenger vessels.

Antarctic passage

A private member's bill enabling the UK to join with other nations in strengthening the environmental safeguards for the Antarctic completed its passage through the Commons yesterday.

CORRECTION

Executive Business Channel

The Executive Business Channel, which broadcasts management training programmes, has asked us to point out that it is owned by Lancashire Enterprises. In Thursday's FT, it was suggested that Legal Network Television was involved.

FINANCIAL TIMES

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Saturday April 16 1994

Chancellor drops a veil

The UK chancellor Mr Kenneth Clarke inspires almost as much nervousness in the City as he does among the ranks of the Eurosceptics on the Tory backbenches. Yet time and again he has shown a capacity not only to surprise, but to swim with the tide of *bien pensant* economic opinion. Having set out to rebalance the economy with an unexpectedly draconian fiscal package in his first Budget last November, he has now voluntarily ceded an element of control over the conduct of monetary policy to the Bank of England. That is the main implication of his decision this week to accept the recommendation of the Treasury Select Committee to publish the minutes of his monthly meeting with the governor, Mr Eddie George.

True, it would have been a much bigger surprise if Mr Clarke had been the one arguing for restraint before February's compromise decision to cut interest rates by a quarter of a point. Instead the minutes confirm that the chancellor's bias is on the side of growthmanship, while Mr George's predilection is for the central bankerly hair shirt. This week it was the chancellor's preference that appeared to gain in plausibility, on the basis of lower-than-expected retail price inflation numbers. Such a pleasant further surprise on the inflation front suggests that price competition in the retail sector remains fierce and that the disinflationary story that ceased to excite the markets back in February is by no means over and done with.

Downward move

The chancellor could also argue - and no doubt will - that the recent slide in equities and bonds has, in itself, contributed to a tightening of monetary conditions by causing the cost of capital to rise. Since early February, UK gilt yields have risen more than comparable yields in any other country in the Group of Seven apart from Canada. That is no compliment to the credibility of British economic policymaking. But taken together with the Bundesbank's decision to cut both the Lombard rate and the discount rate on Thursday, it does suggest that the case for a further downward move in UK rates has strengthened.

Yet the behaviour of the markets also underlines the limits to the discretion enjoyed by the "authorities" - the appropriately opaque collective noun under which the perpetrators of UK monetary policy have traditionally cloaked their joint identity. The monetary tightening imposed by the markets over the past two months has more than offset the loosening over which Messrs Clarke and George argued so robustly. In a global capital market, policy credibility is judged minute by minute. One false move and investors will take away at the long end of the bond market what the chancellor has tried to give away at the short end.

Moreover, against the background of an overhang of debt from the late 1980s, the potency of monetary policy does not work symmetrically in terms of its ability to curb or stimulate economic activity.

Genteel recovery

A fall in nominal short term interest rates from 15 per cent in late 1990 to 5¼ per cent today has so far produced a very genteel recovery. Yet a small increase in rates could exert a disproportionately depressing effect on demand because the personal sector has failed to spend its improving cash flow on reducing its borrowings. From its 1990 peak to the end of last year, debt as a proportion of the personal sector's income fell from 116 per cent to just 111 per cent.

There is, as Ian Shepherdson of Greenwell Montagu points out, a positive side to the personal sector's balance sheet vulnerability. When the time comes to confront genuine inflationary pressure in the economy, monetary tightening will need to be much less aggressive than in the late 1980s because of the debt sensitivity. But in an economy with spare capacity, that is not the chancellor's present worry. On the fiscal front, meantime, the markets are also on their guard for any signs of backsliding.

While the current year's public sector borrowing requirement is expected to come in well under target, next year is another challenge. The Treasury is already making the ritual hostile noises about the public spending round: no room for pre-electoral tax cuts without better departmental housekeeping now is the line.

Yet the striking feature of UK fiscal policy is how Mr John Major's political weakness has reduced his ability to stand up to the spending pressures around Whitehall. At the same time the campaign to reverse the secular upward trend in public spending through fundamental expenditure reviews appears to have lost impetus. The promise of Mr Michael Portillo, the chief secretary to the Treasury, to set a large cat among the free-spending pigeons now seems strangely unthreatening to the more profligate ministers.

The picture of Mr Clarke that emerges from the newly published minutes is of a robust chancellor who feels he is in charge. Yet there is a growing sense of drift in his own fiscal backyard. He may need to surprise us yet again before too long.

Hard to make a sum of the parts

Jurek Martin asks whether Clinton has an overall strategy for foreign policy

The very senior White House official was in a reflective mood this week. Of course the US had "clear strategic goals" for foreign policy – and he ticked them off as any good adviser should – but he conceded this was a whole new world, lacking any "existential" threat. "We really are making case law as we go along, setting precedents". Even the most intractable peacekeeping problems, in nations tearing themselves apart, had to be seen not in isolation but as components of a whole. A document under preparation, known as Presidential Directive 13, would make the connections, he said.

There has rarely been a trickier time to define the whole than now. In the last week alone President Bill Clinton's foreign policy plate has been piled ever higher with disparate courses – Bosnia, Russia, Ukraine, North Korea, China, Japan, Rwanda, Haiti, even the accidental shooting down of US helicopters by US jets over Iraq – each commanding attention but all demanding apparently different responses. It is a menu which could test the limits of coherence.

It also tests a president whose background and passions are not in foreign affairs. As public opinion polls consistently show, this does not render his country uncomfortable, though it distresses the foreign policy establishment. Les Gelb, one of its pillars both as a former New York Times columnist and now as head of the private Council on Foreign Relations, sniffed in a recent article that the country might be "content", but there were "smouldering concerns" among the "experts and pundits" which he pleaded with Mr Clinton to address by providing a strategic vision of US leadership.

The Gelb hypothesis, allied to the drumbeat of attacks on individual members of the president's foreign policy team, has been a constant refrain for a year. One well-known Harvard professor last month began a lecture on "Clinton's foreign policy" with the words: "This may be the shortest seminar on record." Warren Christopher, the secretary of state, was pilloried for having been "humiliated" yet again, this time by the Chinese crackdown on dissidents when he was in Beijing last month. William Perry, the new secretary of defence, took some hits for saying he could not conceive of a military intervention in Gorazde, a week before US Nato jets bombed Bosnian Serb emplacements.

The administration mostly responds by restating a handful of its fundamentals, especially the linkage of domestic and foreign policy, by putting economics in the front rank of diplomacy. This approach is not trouble-free, with many of the US's leading trading partners suspicious of any lapse into mercantilism, a charge that US officials dismiss as nonsense.

But the president's last big foreign policy speech was in Brussels in January and it was aimed at Europeans not Americans. Anthony Lake, national security adviser, did speak with precision about Bosnia 10 days ago and so did Jeffrey Garten, undersecretary of commerce, on China policy in a carefully vetted speech supporting the Christopher line last Monday. Yet mostly there is an inclination not to mix it on the opinion pages but to get on with business at hand.

The view from the inside, culled from a series of interviews with unidentifiable administration officials this week, does in fact look different, even allowing for the inevitable spin. But the broad message is also endorsed by one influential western ambassador, who argues that the president and his men are now getting their foreign policy act together better.

Each item on the long laundry list of issues, however, has the potential of getting seriously soiled again. None is more immediately caught in the wringer than China – "in a jumpy mood", according to one official – with Mr Clinton's own deadline for the renewal of most favoured nation (MFN) trading status less than two months off. Contrary to much speculation that the US is looking for a way off the hook of the president's insistence that China improve its human rights policy in order to retain trade benefits, the current Washington word is deliberately different.

"Whatever you think about linkage," said one official, "there is an executive order of the president, which is a commitment." Sanctions falling short of cancelling MFN present legal and practical problems, said another, "though it may not be harmful to have the Chinese know that there are intermediate options". There was nothing by way of concession in Mr Garten's speech, even though he represents the government department most sensitive to US business interests. Speaking in the presence of China's trade minister, he stated: "It must be said that bonds between China and the US are not based solely on commercial considerations."

But the official who found China "jumpy" detected "no spillover" from MFN into Beijing's willingness to help solve the problem of North Korea's nuclear ambitions. The US has little idea exactly what China is doing to put pressure on Pyongyang, but "it is a clear question of Chinese self-interest – they want North Korea to be reasonable and they want us to be patient" by not demanding UN sanctions.

In fact the UN and International Atomic Energy Agency clocks are ticking, with the Security Council due to consider North Korea again next month. Still, officials insist the US will do nothing hasty, offsetting the stick of sanctions with the carrot of a third round of bilateral negotiations. Though its messages change almost daily, the latest from Kim Il-Sung's redoubt at least emphasised jaw not war.

A similar qualified optimism even applies to Russia – and not only because Moscow's adverse reaction this week to the Nato air strikes on Bosnian Serbs was considered modest. An administration specialist on the Russian economy suspects Viktor Chernomyrdin, the prime minister, is "beginning to hold it together" economically and politically. He has been bolstered by the $1.5bn IMF credit and by private telephoned consultation with US Vice-President Al Gore.

Mr Chernomyrdin's political position in the centre, on this view, keeps the old communists from collaborating with Vladimir Zhirinovsky's nationalists more effectively than would a purely reformist government.

The official also denies any disarray in administration policies towards Russia, which seemed to be reflected in a far harder line on economic reform by the Treasury than by the state department, specifically by Strobe Talbott, the Russian expert and now deputy secretary. "Strobe may have been too cute by half" with his "less shock, more therapy" pronouncement last December, but reports of policy differences were "so overblown".

Through the mediation of Vitaly Churkin, its special envoy, Russia is still being helpful on Bosnia, but the US approach is to a degree at the mercy of daily circumstances, highlighted in a week which began with Nato air strikes and ended on a mixed note. Mr Churkin's efforts to get the Bosnian Serbs back to negotiations offered hope if endorsed by Moscow, but some UN peacekeepers were held quasi-hostage, Sarajevo came under sniper fire again and hostilities threatened to break out in other Moslem enclaves.

But at least Mr Lake, in a speech last week, sought to provide some underlying guidance on when the US might intervene and how. "Direct threats to our nation or our people require us to be prepared for a unilateral military response. Iraq's attempted assassination of President Bush fell into this category and we did not hesitate to respond on our own.

"A second category justifies only a limited use of force and generally under international auspices. Peacekeeping would generally fall under this category. A third category may require our strong diplomatic engagement but not the deployment of our forces."

Mr Lake's formulation does not answer every question. The administration has already imposed tight conditions on the dispatch of any US peacekeeping contingent to Bosnia (in his second category) and, even if they are met, no troops would leave without some form of approval from Congress. The senior White House official drew lessons from congressional endorsement ahead of the Gulf war. "I'm not saying that, in legal or constitutional terms, we have to have congressional support, ... but the Gulf model is very much in the mind of congressional leaders who are now more open to the idea of Bosnian involvement than before."

Such an assertion may be debated. The Gorazde air strikes were welcomed by some long-standing critics of US Bosnian policy, such as the New York Times. But they also brought a welter of contradictory warnings about being too little to make a difference (from Laurence Eagleburger, former secretary of state and long sceptical of intervention) and about slippery slopes (mostly from isolationists on both left and right). Pictures of the slaughter in Rwanda and the accident in Iraq also do nothing for the cause of humanitarian intervention.

It is also far from clear how the Lake formula on US intervention would be applied to Haiti, which is rapidly moving back to the front burner of foreign policy problems. The pressure on the administration to "do something" about the military regime in Port-au-Prince escalated this week in the face of growing evidence of atrocities. Randall Robinson, respected head of the Transafrica Forum, a Washington lobby, started a hunger strike by accusing the president of moral bankruptcy. Congressman David Obey from Wisconsin, no gung-ho firebrand, demanded that the US invade Haiti to restore democracy.

All this is not coming from the foreign policy ivory towers but from Mr Clinton's friends, which hurts. It is also coming from states such as Florida, which this week sued the federal government to recover some of the costs it has born in sustaining hundreds of thousands of illegal immigrants, many from Haiti. This administration says that it always listens to domestic voices on foreign policy – Mr Clinton certainly did to the Greek lobby protesting at US recognition of Macedonia.

Applying a grand policy vision to all the above, not to mention Japan's political dramas, would be a tall order. But at least Mr Clinton and his team might be consoled by the fact that the grand old man of US diplomacy does not think it necessary. George Kennan, the diplomat-scholar, reflected at a 90th birthday party recently on what advice long-dead great statesmen might give the current generation grappling with an array of problems. "Each has to be judged on its merit. Discard, then, this traditional American fondness for trying to solve problems by putting them into broad categories. What you need are not policies – much less a single policy. What you need are sound principles ... that accord with the nature, the needs, the interests and the limitations of our country." Good advice, but easier said than done.

MAN IN THE NEWS: Jürgen Schneider

Deal-maker with a dark side

FT writers on a disappearing property wunderkind

Until this week, the most obviously fake element in the make-up of Jufrgen Schneider was his highly mobile toupe'e. A businessman facing ruin after this week's disappearance of Germany's top-rank property king - leaving a heap of debts so far estimated at around DM5bn – recalls a recent social encounter with the wandering hairpiece.

"I was chatting away to him, mesmerised by that appalling rug, watching it sliding slowly forwards. His wife pretended to pat him on the back of the head and, believe you me, watching it slide back up was pretty unnerving," he says. "Now he's pulled the rug on me."

Just one of thousands of contractors – architects, engineers, builders and furnishers – facing hefty losses or worse from Schneider's difficulties,he remains philosophical. "All my research told me he was dodgy, but I took a chance."

He was not the only one concerned about the vanishing Frankfurter's credibility. Managers at a leading non-German bank were approached for a loan last summer. But its credit committee had heard too much on the grapevine and turned him down.

One creditor says the slightest fault in completed work could lead to a refusal to pay

Mr Martin Kohlhaussen, chairman of Commerzbank, badly burned in Britain's Canary Wharf fiasco, said yesterday that Schneider had approached his credit department to top up existing loans of a good DM100m. He was turned away on the basis of information he supplied.

Contractors, architects, consulting engineers and other suppliers based around his palatial headquarters in Königstein have long refused to do business with him. They freely accuse him of highly dubious methods to raise financing and, above all, to avoid paying his bills.

One creditor, who claims to have an unpaid invoice for DM3.25m, says the slightest fault in completed work could lead to a refusal to pay. Payment delays of six months are said not to have been uncommon.

Authoritative German media reports suggest this was among the most common of his tactics: squeezing over-blown credits out of his big lenders by presenting them with inflated estimates of the rentable area – and therefore the potential rental income – in his 75 grandiose retail, hotel and office projects.

None of this appears to have troubled Schneider's Königsteiner neighbours: the front-rank German bankers and folk who until this week shared with him the pleasures of life in the Taunus hills above Frankfurt, and this week declared themselves "thunderstruck".

Bankers may have been impressed by his legendary tight-fistedness with creditors, but they apparently failed to consider that it might have signalled something more sinister than assiduous cost control: liquidity problems.

If they had cared to listen, they might have heard the rumblings back in 1992,which preceded this week's thunderbolt, when he broke for the first time with his tradition of renovating grand buildings and letting them at grand prices. He sold the centrally-placed Fürstenhof office building in Frankfurt to a Japanese group for an estimated DM450m. That building, incidentally, stood empty until recently. Now, one of Schneider's leading creditors, Dresdner Bank, enjoys the dubious privilege of paying him rent.

The banks might also have weighed their outstanding credits against Schneider's income forecasts in the light of a steady softening in German rents over the past 18 months. CIP, his group's management arm – believed to be 30 per cent controlled by Schneider himself and 70 per cent by an anonymous foundation – still claims "going" prices for retail space in central Leipzig are DM200 a square metre. Rivals, on the other hand, suggest DM120 to DM150 is closer to the mark.

Other signs of possible trouble included his decision last year dramatically to slow for six months all work on one of his grandest designs – the restoration of Wiesbaden's Rose Hotel. Last February, Schneider attracted unwelcome attention when a group of trade creditors went to court and successfully forced him to pay up.

A qualified construction engineer, the 59-year-old Schneider only attracted the wider public gaze after unification in 1990, when he moved quickly to pick up prime but dilapidated properties in eastern cities like Leipzig. Before that, he had built up his business more quietly from a small start in 1981. The family concern, headed by his father, Richard, closed in the late 1980s. Industry observers say the closure was followed by a worsening of relations between the two men.

The conclusion now being drawn by observers is that the banks felt they could ignore rumour and rumblings – common enough at the best of times in the property business – secure in the knowledge that their debts, thought to be the lion's share of the total which has so far come to light, were secured against 80-odd of the classiest properties and sites in Germany.

The conclusions being drawn by unsecured creditors and their employees are less complacent. "The so-and-so has left us high and dry," said a workman collecting his tools from the stilled Bartels Hof site in Leipzig. "There we were, thinking the great man from the west would come with money and jobs and make the city a great place. Now look what has happened ..."

Chancellor Helmut Kohl, not noted for his sensitivity, has for once been quick to pick up on the scale of the crisis facing the thousands of employees and unsecured creditors. With one eye on federal elections and another on the recent near-catastrophe in which banks prevented the collapse of the Metallgesellschaft group only with a DM3.4bn rescue package, he reminded the banks their responsibilities extended beyond their profit and loss accounts. He also ordered a review of insolvency laws which can leave unsecured creditors with no real recourse.

Schneider, meanwhile, has disappeared without leaving any evident trail. Colourful press speculation say he and his wife, Claudia, plus baggage, his favoured Gucci shoes and other trappings (including spare wigs), could be anywhere between Switzerland, Barbados and Iran, depending on the range of his private jet.

He has also left the wreckage of the ingenious corporate structure he erected within his privately-held empire which only now may come under real public scrutiny.

The conclusion being drawn is that the banks felt they could ignore the rumours

According to a creditor with more than two years experience of Schneider's eccentric ways, the main parts of the business present two contrasting faces. The dark side is represented by Technoteam, a contracting division owned by the man himself. "They have a terrific reputation for getting the job done by squeezing and beating the hell out of sub-contractors," the contractor says.

But they appear not to be so efficient at the subtler business of controlling overall contract costs. That may in part be due to the erratic ways of Schneider himself, who last year, part-way through the Wiesbaden Rose Hotel project decided that instead of a five-star hotel with 220 rooms, it should be a 77-room super-luxury hostelry – "the best in Europe," he said.

He also decided a three-level underground car park would enhance it even further. The hole was accordingly dug and equipped with mechanical lifts and gear for getting cars in and out, at an estimated cost of DM10m. Only later did Schneider realise that attendees leaving a 150-head corporate dinner party might not appreciate three-minute delay incurred in getting a single car in or out.

The more acceptable face of the group was represented in the world outside the hurley-burley of the building site by CIP, which managed and let completed properties, and is now the vehicle which creditor banks hope to use to salvage the maximum from the wreckage. "They seemed very competent," one source says, adding that Schneider himself was also a far less dramatic character than some would have the world believe. "No, he was very calm, almost paternal. He was hard but fair ... Hard on his team, too. Directors were expected to be at his morning meetings by 6am and ready to start 'work' at 7am."

But at top-level negotiations on contracts, he was invariably flanked by a tough young lieutenant, who often gave the impression he was a lawyer – an impression blurred by his penchant for "very simplistic, brutal contracts", not to mention a tendency to thump the table and yell.

In contacts with the outside world, the veneer was perfected by Schneider's demeanour and the reputation of an aide from the noble von Lambsdorff family, internationally known thanks to the political career of Otto, former leader of the Liberal Democrat family.

But the polish has been brutally scraped away by the events of this week. The empire which supported Schneider's extravagant habits and the foundations and bursaries which lent him a philanthropical air has been exposed as just another of his many unfinished projects – an impressive façade on the outside with a big hole behind it.

Christopher Parkes, David Waller and Judy Dempsey

Rose blooms in Bosnian sunlight

Edward Mortimer examines the contrasting roles of the UN commander and Lord Owen

"Is that Rose? But he looks so young!" The Bosnian woman's admiration was shared by the soldiers on to whose armoured personnel carrier General Sir Michael Rose had just made a spectacular leap. The general, who three days earlier had called Nato into its first action against ground targets, has become as popular with many Bosnian Moslems as Lord Owen, who followed him out of his Sarajevo headquarters, is unpopular.

Indeed, the news of Lord Owen's arrival in Sarajevo on Wednesday morning had been greeted with derision and dismay by Bosnian officials. They thought that Lord Owen had been consigned to the dustbin of history two months ago, at the time of the Nato ultimatum. Yet now, in the very week when Nato aircraft had struck twice at Serb positions around the besieged enclave of Gorazde, the EU mediator was back, accompanied by his silent UN sidekick Mr Thorvald Stoltenberg.

Lord Owen had, of course, merely stepped to the wings for these past two months. It is true that since February little had been heard of the international conference on former Yugoslavia (ICFY), of which he and Mr Stoltenberg are co-chairmen. But Lord Owen has visibly enjoyed being back in a media spotlight which during the past two months had deserted him in favour of Mr Charles Redman and Mr Vitaly Churkin, the US and Russian special envoys, and General Sir Michael Rose, the UN commander in Bosnia.

But, says Lord Owen, the ICFY has never ceased to exist; all the negotiations that have been going on are technically under its aegis. He had always argued that the peace process could only make headway if governments, especially the US and Russian governments, involved themselves in it. That they have now done so he regards as a boost rather than a setback to ICFY's work.

Meanwhile, Lord Owen has not been idle. In particular, he has kept in close touch with Serbia's president, Mr Slobodan Milosevic. Both Serbia and the Bosnian Serbs clearly see Lord Owen as more sympathetic to their interests, or at least understanding of their concerns, than other western negotiators. They see his reappearance on the scene as a sign that their tactics are succeeding.

Clearly the Serbs were not pleased with the turn of events in Bosnia since the Nato ultimatum in February. True, their compliance with the ultimatum was made less humiliating by the simultaneous arrival of Russian troops in Sarajevo; and the terms of the ceasefire in Sarajevo were not unfavourable to Serb interests, as it has tended to consolidate Serb control of the suburbs and environs of the city.

But Russia's failure to protest when Nato shot down four Serb aircraft for violating the no-fly zone on February 28, followed the next day by the US-brokered Moslem-Croat agreement, must have been a blow to the Serbs. For most of the past year Serbs and Croats had been co-operating against the Moslems in central Bosnia.

Now the Croats, though not actively fighting on the Moslem side, have become benevolent neutrals. Supplies of all sorts can now reach the Moslems much more easily from the coast, and the Bosnian army no longer has to fight two enemies at once. This has enabled the Bosnian army to make small but significant gains in north-central Bosnia at the Serbs' expense, notably around Maglaj, which "ceased to be an enclave and is now a finger, indeed a swollen finger", in the words of the UN special representative, Mr Yasushi Akashi.

Meanwhile the UN protection force (Unprofor), under Gen Rose's charismatic leadership, has been interpreting its mandate in a more robust and muscular way which the Serbs do not like. Although Gen Rose was not directly involved in Nato's February ultimatum, he used it skilfully to increase his own authority – warning the Serbs that it was in their interest to co-operate with him if they wished to avoid a direct confrontation with Nato.

Indeed during March the Bosnian Serbs were on the whole co-operative and appeared genuinely anxious to avoid such a confrontation. But they may simply have been postponing a showdown until they were ready for a spring offensive in the area of greatest strategic concern to them: the largest remaining Moslem enclave in the east of the country, which was also the only one still effectively defended by government forces and from which the Moslems were capable of harassing Serb communications between eastern and southern Bosnia.

AP

Action man: Gen Rose (right) has interpreted the mandate in a robust way

The Serbs have successfully kept westerners guessing about their decision-making processes. Some western observers believe there are serious divisions either between the political and military leaders among the Bosnian Serbs, or between the Bosnian Serb leadership as a whole and Serbia proper.

Others believe that Mr Milosevic keeps all the strings in his own hands, and that the Gorazde offensive could not possibly have happened without his approval if not active encouragement.

If the latter school is right, it may have been connected with Mr Milosevic's concern about unrest in the Sandzak, a region shared between Serbia and Montenegro (the two partners in the Yugoslav federation). The Sandzak has a large Moslem population, some of whose leaders say openly that they would like to join Sandzak to neighbouring Bosnia.

Similarly, observers disagree on whether the Serbs hoped or intended to overrun Gorazde, or merely to neutralise it, as they have done with the other eastern enclaves of Srebrenica and Zepa. In the latter case, the Bosnian Serbs are now close to realising their goal, and their brinkmanship in staging a confrontation with Unprofor appears to have paid off. By calling Gen Rose's bluff and obliging him to call in Nato airpower to defend UN personnel, they have succeeded in putting him on the defensive.

Last week the general was bending over backwards to avoid escalating the crisis.

- He stressed that he had only called in "close air support" to defend his own men and not (as the next paragraph of the same UN Security Council resolution allowed him) to defend the "safe area" of Gorazde itself;
- he suggested that his forces had killed more Croats and Moslems than Serbs by firing in self-defence in the course of the war;
- he insisted that Unprofor is a neutral peacekeeping force and "not here to fight anybody's war";
- and he even refused to display concern over the detention of UN observers in Serb-held territory (which his spokesman described as "an administrative matter").

When reports reached Gen Rose on Thursday morning that the Serbs had begun shelling Tuzla airfield – which is in another safe haven and has UN troops stationed on it – it was clear that he had to weigh the pros and cons of calling for further air strikes. Happily, in that case, the shelling stopped after Nato planes had buzzed the area without dropping any bombs.

Lord Owen professed full support for Gen Rose and undertook to explain to the Serbs that "close air support" is merely a form of self-defence, quite different from "air interdiction". Yet it was clear Lord Owen felt vindicated by the crisis, which has demonstrated the vulnerability of UN forces to Serb reprisals – something he has frequently warned about in the past.

The Serbs, for their part, have demonised Gen Rose and called for his removal. They are unlikely to obtain this, and probably do not expect to. But they may well have clipped his wings, and succeeded in ensuring that if there is a general ceasefire it will be on terms highly favourable to them.

There was perhaps some symbolism in the fact that, by the time Gen Rose jumped down from the armoured personnel carrier on Wednesday the reporters had turned away from him, and were crowded round Lord Owen.

Legal jousting is the game of the Names

Andrew Jack measures the scale of two court victories by Lloyd's insurance market victims

Mr Michael Sword-Daniels, a dentist who joined the Lloyd's of London insurance market in 1987, this week cracked open a bottle of champagne. "I burst into tears," he said, after celebrating the first good news since he was warned, four years ago, that his investment had turned sour.

Two significant court victories this week offered a glimmer of hope for thousands of members such as Mr Sword-Daniels, who are seeking compensation to cope with crippling financial demands.

After several years of stress and personal tragedy a judgment in the High Court on Wednesday brought some hope to individuals under pressure to pay their share of the enormous losses at Lloyd's during the late 1980s. In a second case, on the same day, the House of Lords ruled that two "action groups", representing members of some of the highest loss-making syndicates, could sue the agents who acted for them.

"There are moments when you get so depressed it is like looking down the barrel of a shot-gun," said Mr Sword-Daniels, whose losses are now estimated at more than £500,000.

He is one of two Names, the individuals whose assets have traditionally underwritten the insurance market, who was awarded damages in the High Court against H G Poland, now called KMR Services, the members' agency which looked after their interests at Lloyd's.

Mr Sword-Daniels says he had asked H G Poland to place him on underwriting syndicates involved in conservative, low-risk business, but was in fact placed with some of the highest-risk syndicates. Mr Richard Brown, the second Name in the case, requested some higher risk business but claims his agent still failed to provide adequate professional advice.

For distressed Names, who are deploying a variety of legal tactics in their efforts to win compensation for heavy losses, the settlements were the first sign that the tide might be turning in their favour.

They also set a precedent in that the award included not only compensation payments in respect of past losses (the size is still to be decided in the high court), but also a highly unusual indemnity against losses incurred in the future.

Court victor Michael Sword-Daniels (left), and Michael Deeny of the Gooda Walker Action Group

The award was a fillip for Mr David Tiplady, of the law firm D J Freeman, which represented Mr Brown and is overseeing similar claims by another 28 Names. He said he has been approached by other Names seeking to emulate Mr Brown's success.

Mr John Startin of Hexstall, Mr Sword-Daniels' lawyer, said: "It is an important route if there is a serious hiccup with the group actions."

However, the initial celebration among Lloyd's names after the High Court case has been followed by a sober realisation that its impact will be limited. Others seeking to follow the route taken by Mr Sword-Daniels and Mr Brown will have to prove their cases on the individual merits of each, demonstrating that their requests for conservative underwriting were ignored.

That may be difficult, partly because few instructions from Names to managing agents were committed to paper; most were conducted by word of mouth. There is also the possibility that the members' agent will appeal.

As a result, Mr Michael Deeny, chairman of the Gooda Walker Action Group, lays more stress on the second legal victory for Names this week – won by his group, along with the Feltrim Action group, in the House of Lords.

Initial celebrations were followed by a sober realisation that the impact will be limited

This threw out an attempt to block the action groups' claim that their members' agents were contractually liable for negligent underwriting. It cleared the way for the Gooda Walker case to begin in the High Court on April 26, and the Feltrim case in October.

Mr Deeny represents more than 3,100 Names allocated to the four heavily loss-making Gooda Walker underwriting syndicates on Lloyd's who are suing for more than £600m. But the Action Group's approach to litigation is different from that of Mr Sword-Daniels and Mr Brown. They believe that, if they can prove that they were the victims of negligent underwriting, this will lead automatically to compensation for all the Names involved in their legal action. "We just have to prove that a few underwriters were negligent and that's it," says Mr Deeny.

He warned that the publicity surrounding the High Court decision risked causing false expections: "It could lead to hundreds or thousands of Names trying the same approach, which is going to be a wasted effort."

But it is too late for other Names to join the Gooda Walker and a number of other action groups. "The doors closed on our action last September," said Mr Deeny.

Moreover, Names who have not already begun legal proceedings will have to wait for redress as the courts are clogging up with Lloyd's-related litigation. "Anybody who decided to begin today will go to the back of the longest queue in the world," said Mr Deeny.

Even for those who are in the action groups, Mr Deeny did not expect any quick surrender from the members' agents. "The errors and omissions insurers [who cover Lloyd's agents against legal awards for negligence] dare not settle. They take on every point, fight every issue and hope to burn out some action groups."

Mr Tiplady, Mr Brown's solicitor, added: "If the agents fight every claim it will be expensive and time-consuming. It's very nerve-wracking being cross-examined."

The only other legal option which might have been open to Names was to sue Lloyd's for failing to regulate the market adequately. However, under the act of parliament which sets the statutory framework for the insurance market, Lloyd's is immune from litigation – a point already upheld by the courts.

There was one non-legal alternative: an omnibus out-of-court settlement proposed by Lloyd's at the end of last year, which offered £900m to cover claims of £3.2bn. At the time, Mr David Rowland, the chairman, doubted whether Names would have the stamina to pursue legal action. But, believing it was too small, Names voted in February to reject the settlement.

However, even if the Names prove successful in winning their legal cases against members' agents, there is a sting in the tail. Few are likely to receive back all the money they seek because the value of members agents' insurance cover is far less than the losses incurred by the Lloyd's market. The first to win their cases may take the lions' share of the funds available in what some Names describe as a "dash for cash".

Each claim that is settled will add to the demands being made on Names because many are on syndicates that underwrote errors and omissions business. Meanwhile, Lloyd's will continue to pursue the Names to meet their obligations on the market. The likely result is that, alongside any lucky Names able to win awards in time to pay off their debts, there will be many losers.

Strike! A good hit

Michael Skapinker on an upsurge for tenpin bowling companies

Menacing, robotic creatures rush at visitors to Bass's new tenpin bowling centre in Washington, Tyne and Wear. Customers with steady aim can squeeze the trigger and watch the aggressors explode.

Those who find this too frightening can take off their virtual reality masks and play a more conventional video game, or have something to eat or drink – or do some tenpin bowling.

By adding new activities such as virtual reality games to their traditional offerings, tenpin bowling companies have enjoyed a large upsurge in activity since the mid-1980s, after nearly two decades of declining attendances.

In the 1960s, there were over 130 bowling centres in the UK. By the mid-1980s, there were fewer than 50. There are now more than 200. A report by Mintel, the research organisation, published last year, found that 10.4 per cent of the adult population were active tenpin bowlers, against 2.1 per cent in 1985.

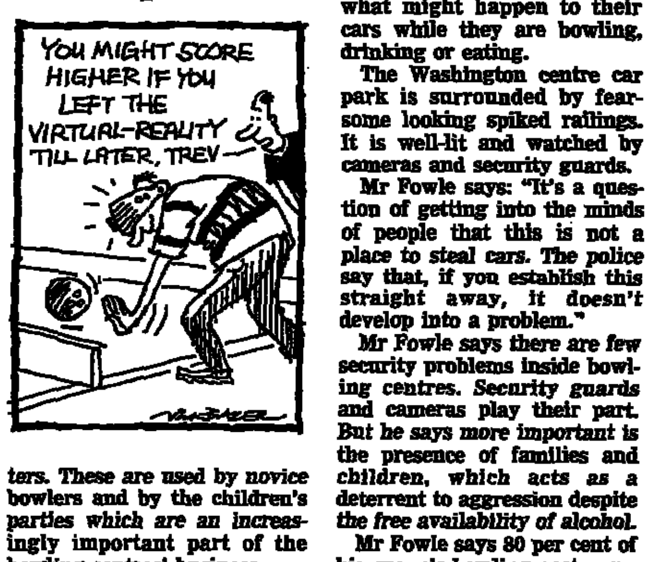
Over the past year or two, operators say the bowling business has become more difficult as the recession has cut consumer spending and as the novelty of the new electronic games has begun to wear off.

Companies such as Bass and First Leisure are, however, continuing to invest in new centres. Mr John Conlan, First Leisure's chief executive, says one of the solutions to the drop in spending is to change the electronic games every few months so that regular customers do not become bored.

Mr Conlan, whose company has recently opened new centres in Reading and Maidenhead, believes the solid customer base established by the bowling industry makes it an attractive long-term business.

Tenpin bowling itself has not changed much over the past 20 or 30 years. The lanes, the balls and the bowling shoes all look much as they did decades ago. Old-time bowlers will notice some differences, however. They will no longer have to mark the number of pins they knock down on a card; computers will do it for them, showing the score on a screen.

Another innovation are rails that can be pulled out at the sides of bowling lanes to prevent balls rolling into the gutters. These are used by novice bowlers and by the children's parties which are an increasingly important part of the bowling centres' business.



At some of the new centres, bowlers can tap an order onto a computer keyboard and have fast food or drinks delivered to them while they play.

Apart from electronic games, some of the centres have pool tables. At First Leisure's new Maidenhead centre, customers can wander through rooms decorated to resemble the medieval past or the high-technology future, playing games based on the Channel 4 programme the Crystal Maze.

Only about 50 per cent of a bowling centre's turnover now comes from bowling, according to Mr Adam Fowle, managing director of Bass Leisure Entertainments. The rest comes from food, drink and the other activities. The success of bowling centres since the 1980s has resulted from the leisure companies' strategy of turning them into places people go for an evening out, rather than for a single activity, he adds.

Many of the new bowling centres are next to shopping malls. Bass's Washington bowling centre has one of the company's bingo halls next to it. First Leisure's Reading bowling centre is next door to one of its discotheques. Many of the discotheque customer drop into the bowling centre for a drink.

Mr Fowle says research carried out by his group indicates that, to attract people to bowling centres or other leisure facilities, companies have to offer their customers security against crime. It is not their personal safety people are worried about; it is the fear of what might happen to their cars while they are bowling, drinking or eating.

The Washington centre car park is surrounded by fearsome looking spiked railings. It is well-lit and watched by cameras and security guards.

Mr Fowle says: "It's a question of getting into the minds of people that this is not a place to steal cars. The police say that, if you establish this straight away, it doesn't develop into a problem."

Mr Fowle says there are few security problems inside bowling centres. Security guards and cameras play their part. But he says more important is the presence of families and children, which acts as a deterrent to aggression despite the free availability of alcohol.

Mr Fowle says 80 per cent of his group's bowling customers are under 35 and from an ABC1 background. On average, they spend £15 a head per visit to the bowling centre.

Other bowling groups regard this figure as high. They say £5 a head is more typical and argue that bowling appeals to a wide cross-section of people: competitive bowlers, families with children and teenagers.

Mr Roger Mavity, chief executive of the leisure division of Grenada, which has 24 bowling centres, says: "Increasingly, the ABC categories are not relevant to these kinds of activities. Most teenagers have a level of disposable income that would have been impossible to imagine if you turned the clock back a generation."

Bowling's appeal is helping to return the industry to growth again, he says. But he cautions: "Trying to look too far ahead in leisure is difficult. Tastes can change faster than five-year plans allow for."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Nothing clear-cut about exporters' agents

From Mr S L Sidkin.

Sir, Your article concerning the new commercial agents regulations ("Representative selection", April 5) suggests that from January 1 key exporters have reason to fear that their overseas agents may challenge them in the British courts. Unfortunately this situation is far from being as clear-cut as the article makes out.

The reason for this lies in a particular provision inserted almost at the last moment into the regulations which were made last December. This change provides that the regulations apply in relation to the activities of agents in Great Britain. At the same time, it is stated that the regulations do not apply if the parties have agreed that the agency contract is to be governed by the law of another member state.

What is to happen where a UK exporter appoints an agent in, for example, Greece under an agency contract subject to English law is unstated. It would appear that the regulations will not apply and the English courts will not be able to entertain actions based on them.

On this basis, UK exporters have little to fear. The difficulty arises where local law in the agent's country seeks to supersede English law in order to provide protection to the agent in a situation where the regulations do not provide it.

This is not a new situation for UK exporters. We have for many years been faced with this difficulty in certain European countries, particularly Germany.

UK exporters now have a choice. They may take advantage of this lacuna in the regulations and hope that local law cannot intervene to protect the agent. Alternatively their agency contracts may expressly adopt the regulations. This would be on the basis that it is possible by contract to avoid the excesses of the protection which the regulations give to agents.

S L Sidkin,
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Consensus for social renewal

From Ms Carol Tongue MEP.

Sir, David Goodhart's candid and accurate appraisal of the German social market model ("There's still life in the old model", April 12) was heartening, swamped as we often are by an insular and sometimes xenophobic tabloid media in the UK.

The overriding message is that, to achieve change, partnership and consensus are vital. Confrontation and adversity between various players in the UK has often hindered constructive economic labour market change. In my east London constituency I find an amazing willingness of key players, ie local authorities, London East Training and Enterprise Council, social partners, those from the voluntary sector and educational institutions, to work together in developing projects that will advance economic and social regeneration.

I hope it will be this model of regional partnership, a model supported by the European Commission, that will ensure successful economic and social renewal, based on the consent of all interested parties.

Carol Tongue,
European parliament,
91-113 rue Belliart,
1047 Brussels, Belgium

DSS view of cards not a smart marketing move

From Mr Roger G Thomas.

Sir, The failure of the government's efficiency unit to swing the social security department behind "smart" cards suggests it should improve its customer marketing focus ("DSS resists identity card scheme for benefit claims", April 14).

Rather than position this initiative as a means of reducing benefits fraud the real potential for a citizens' smart card would lie in the avoidance of the seemingly endless and repetitive form-filling of personal data associated with most people's contacts with government-run institutions.

The value of the time potentially saved by the many could far exceed the savings from eliminating fraud by the few!

By emphasising the advantages to consumers of public services (and even making the card optional), civil liberties concerns need not be more acute than those relating to other forms of smart plastic which are gaining consumer acceptance.

Roger G Thomas,
21 Chemin du Peage,
Bonay, Switzerland

Well worth a read

From Mr Paul Turner.

Sir, Your report, "Libraries go up for grabs" (April 13), makes fascinating reading. It will be interesting to see whether contracting out the service to "bookish entrepreneurs" will achieve more than a well-run public service.

According to published figures, libraries in Brent cost each resident £15.60 a year and on average each person borrows five books a year. In Hampshire, to take an example, the service costs each resident £11.22 and on average each person borrows 11 books a year. I do also wonder what the 70 administrative staff saved in Brent were doing in the first place!

Paul Turner,
Hampshire County Council,
81 North Walls,
Winchester,
Hants

A solution to Russia's ills requires common sense

From Professor Ira Sohn.

Sir, Despite enormous pressure from governments of the Grou of Seven industrial countries (possibly with the exception of Japan), the International Monetary Fund is to be congratulated for limiting the loss – only $1.5bn this time – from the most recent tranche of ill-conceived and poorly-administered disbursements to "rescue" Russia. If the west had signed on to the plan advocated by Jeffrey Sachs (Personal View, March 31) over the past few years the losses could have escalated to 10 or even 100 times that amount.

Russia does not need a stabilisation fund, debt relief or, worst of all, charity. What is in short supply is common sense and truth. Russia has enormous mineral and agricultural resources. It needs to be told, preferably by domestic experts, that the country is bankrupt (to use Professor Sachs's analogy) because its world-class assets are under-performing, or worse, non-performing.

If the Russians want to enjoy the marvellous benefits of modern technology – that is, increases in the material standard of living – they are going to have to find their niche in the fiercely competitive world economy, as have Taiwan, South Korea and, more recently, Chile and Mexico. They must also produce goods at internationally competitive prices and acceptable quality standards.

If their current bankrupt "system" of industrial organisation, labour relations, public finance, property rights and government intrusions in economic life – not to mention what passes for fiscal and monetary policies – prevents them from getting closer to this objective, it is obvious what has to be done.

Throwing good money at a failed system flies in the face of common sense.

Ira Sohn,
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Write-downs and weak balance sheet behind sharp setback

Wembley losses double to £66m

By Tim Burt

Wembley, the debt-burdened stadium and greyhound track operator, yesterday blamed large property write-downs as pre-tax losses for 1993 almost doubled from a restated £34.1m to £65.7m.

The company said it no longer had any distributable reserves and, following its first property valuation in three years, *admitted net assets were* now worth £98.3m less than the £175.1m reported last time.

Faced with borrowings of £152.1m – equivalent to almost three times shareholders' funds – the balance sheet proved too weak to absorb the write-downs and the company was forced to set £48.3m against operating profits.

Together with a further £3.2m charge for refinancing banking facilities, exceptional items totalled £51.5m.

Those charges undermined operating profits of £11.1m *(£12.7m) on continuing activi-*ties and contributed to operating losses of £39.2m, against a *£3.7m gain last time.*

The company was also hit by banking covenants requiring a *£40m debt repayment* by March 31 this year, which it met only by selling non-core subsidiaries *for £24.4m and, since the 1993* year-end, disposing of a 50 per cent stake in Pacer CATS, the *computer ticketing concern,* for £15m.

Sir Brian Wolfson, chairman, said: "We've been to hell and back. We were fighting uphill to make every disposal."

*He also warned that the com*pany – which is unable to pay the dividend on both its ordinary and convertible *preference shares – could be in* breach of its borrowing powers and would be seeking shareholder approval for revised terms.

In addition to the £40m *repaid so far, the company is* committed to a further debt reduction of up to £39.5m by *the end of this year and Sir* Brian said the board was considering a court application to approve a financial reconstruction.

Any refinancing would be *used not only to reduce bor*rowing but to provide fresh investment for its three divisions.

Of those divisions, the Wembley complex saw operating profits decline from a restated £7.1m to £5.1m as bookings for the arena and stadium declined.

The greyhound business reported virtually flat profits of £5.8m (£5.5m), and profits in *leisure services – including* Pacer CATS – fell from £2.3m to £1.9m.

Group turnover declined 21 per cent to £150.5m (£191.4m) including a contribution of £21.6m from discontinued operations.

Describing the results as a "watershed", Sir Brian said prospects this year were improving and it had resolved its dispute with the Football Association over sponsorship and television revenues.

A 10-year advertising contract has been signed with Coca-Cola and the disposal programme was said to be largely completed.

Losses per share, however, increased from a restated 15.4p *to 26.6p and Sir Brian conceded* "we've got a big challenge ahead".

The shares closed up 1½p at 12p.

'We've been to hell and back'. Sir Brian Wolfson in reflective mood yesterday

Tony Andrews

Emap acquires Cap Nationwide for £18m

By Raymond Snoddy

Emap, the media group, yesterday announced its largest move so far into information-based publishing with the £17.9m purchase of Cap Nationwide Motor Research.

Cap specialises in the publication of vehicle price guides for cars, lorries and motorcycles – information that is provided through monthly books, computer disks and on-line services.

The Cap titles include the *Black Book, covering car* prices, the Red Book, covering commercial vehicles, and the *Green Book for motorcycle and* marine prices.

The deal is being paid for half in cash and half in loan stock.

In the year ended last September, Cap achieved profits before tax of £1.4m with more than 90 per cent of revenues coming from regular subscriptions.

"Cap represents Emap's first acquisition in information-based publishing and its biggest development in this market so far," Mr Colin Morrison, chairman of Emap Business Communications, said yesterday.

Since the acquisition two years ago of most of the titles of the Maxwell Communication *Group in a £32m deal, Emap* has been expanding in the sector.

Its business communications division, formed in February by bringing together the business publishing and exhibition interests, has an annualised turnover of some £100m.

Elys declines to £336,000

Both turnover and pre-tax profits fell at Elys (Wimbledon), the department store operator, but the dividend for the year ended January 31 1994 is lifted to 17p, against 16p, via an increased final of 15.5p.

The pre-tax surplus was down from £502,000 to £336,000.

Turnover for the 12 months amounted to £9.54m compared with £10.3m.

Earnings per share fell from 29p to 19.4p.

Rodime appeal after disk lawsuit setback

By James Buxton, Scottish Correspondent

Rodime, the Scottish disk drive pioneer whose future depends on licensing its technology and on successful claims against companies which infringe its patents, has suffered an adverse judgment in a lawsuit with Quantum, the US disk drive maker.

Rodime is to appeal against the judgment, but warns that *failure could reduce future lic*ensing *and patent infringe*ment revenues.

It would significantly cut *both the number of disk drive* manufacturers using Rodime technology without a licence and the volume of infringing disk drives subject to royalties under Rodime's patents.

Mr Peter Bailey, managing director, admitted that if the appeal failed it would be a "severe setback" for Rodime.

Yesterday Rodime shares halved in value, falling 16½p to 15p. The shares have attracted much speculative attention in recent months, reaching a peak of 51½p, having been relisted at 1¾p in August 1992.

The company had patented aspects of the 3½ inch disk drive which it pioneered but later ceased to manufacture.

The Minnesota district court, however, has now declared invalid certain claims of Rodime's "383 US patent", its principal disk drive patent. Quantum had sought a declaratory judgment on the patent.

Rodime said it was not clear what bearing the Quantum judgment would have on its own lawsuit against Seagate, another US disk drive maker, which it is suing for continued wilful patent infringement. In *that lawsuit, before the Calif*ornia *district court, Seagate* has filed an identical motion to that of Quantum.

In 1993 Rodime incurred losses of £2.14m (£1.46m) before tax. Yesterday it said its bankers had indicated that they would continue providing working capital to fund litigation.

The company said it strongly believed, on legal advice, that the Minnesota judge's order should not have been granted and will appeal to the federal appeals court in Washington DC early next week. The appeal is expected to take no more than a year.

The lure of a blank sheet

Andrew Jack on the introduction of a new accounting guideline

A growing number of British companies are starting to take advantage of a rather unusual new *accounting guideline: one that* leaves them with a blank sheet in their annual report to fill as they see fit.

It is called the Operating and Financial Review, and it represents a radical departure for the UK Accounting Standards Board from the normally prescriptive standards it has produced in the last three years.

The idea is to give the accounts back to the management, allowing companies to describe and explain their financial position in a balanced way rarely seen in the generally bland and upbeat statements currently provided by chairmen and senior executives in annual reports.

"They should put the flesh on the bones of the accounts," says the board's Mr Simon Peerless. "Accounts are a complex technical statement for the specialist. The OFR should be what makes them mean something to a wider audience."

There is undoubtedly a need to help the less sophisticated reader. Mr Stuart Valentine, director of research for ProShare, the wider share ownership promotion body, says: "The annual report is such a forbidding document. It is not easy to understand. Most people don't do more than glance at it."

Since 1980, the US Securities and Exchange Commission has required public companies to produce a management discussion and analysis (MD&A) with its annual filings. But the statements are highly prescriptive, and often produce little more than a restatement of figures and ratios readily available from the accounts.

By contrast, the ASB, which first issued draft guidelines on the OFR in April 1992, has tried to avoid a legalistic framework. It allows companies to be as free as they choose in their descriptions. "It's interpretation, not the blindingly obvious, that we're after," says Mr David Tweedie, the ASB's chairman.

According to an analysis earlier this year by Company Reporting, the Edinburgh-based monitoring service of company accounts, 62 of the FT-SE 100 companies already include OFR-based reviews. Among the better examples are British Airways, Tomkins and Thorn EMI.

However, in the majority of cases, reviews tend to be short, rarely discuss the difficulties with the business, and neglect important issues. For example, only 40 per cent mentioned cash flow, a vital topic and one now served with a new accounting standard.

One of the better examples of companies adopting the OFR so far is Bass, the brewing, hotels and leisure group. In the 1993 accounts it covers 8 pages, illustrated with graphs, describing each of the divisions, pensions, interest, tax, *foreign currencies and* exchange rates, treasury policy and capital structure, cash and assets.

Mr John Booth, financial controller, says the OFR was modelled on the company's *MD&A, but with a freer for*mat. "There has never been anything to stop companies publishing this kind of information, but in the past financial reviews have largely been PR statements. One of the benefits of the OFR is that it almost forces you to bring out some of the negatives."

One institutional investor says of the Bass report: "It has a crispness and clarity and it is financially focused. It shares management's intentions with shareholders and shows where investment is focused."

He says it fulfils his aims in an OFR, which are to gain an understanding of the company and its position in its markets, and future development and investment plans. The statement can prove the basis for better discussions at meetings with the company.

Investors point more sadly to the latest accounts of Hanson, the Anglo-American conglomerate. There are glossy colour pictures in abundance, but the text is rather more sparse and uninformative. Mr Martin Taylor, a vice chairman of the company, says: "The OFR is a suggestion, it is not mandatory. We are very happy with what we disclose. Our filings with the SEC are 60 to 70 pages long. Those who are interested can get copies."

One problem with the OFR is what to do if companies refuse to comply.

In the US, the SEC takes a tough line, often sending back accounts to be rewritten and threatening penalties. *In April* 1992, it reached a legal settlement with Caterpillar for failing to disclose in its *management discussion that one-quar*ter of 1989 profits were non-recurring.

The UK shows no signs of attempting any similar enforcement. Although the ASB produced the guidelines, it believes the OFR is not part of the statutory accounts over which it has jurisdiction. There is little sign that the Stock Exchange or the Department of Trade and Industry would intervene.

The hope is that companies will act responsibly, although for every good example of an OFR, judging by the US experience, there are other instances of businesses which have clearly manipulated the intention.

An academic survey published last year suggested that while US companies were good at describing historical events, few provided forecasts and projections that were useful and accurate. When the directors made projections, they tended to ignore or incompletely report those that were negative.

There is one remaining difficulty: the audience for the OFR. Mr Booth at Bass admits that he is not sure to whom the text should be addressed. A survey last year of readers of its annual report found few private shareholders got beyond the chairman's statement.

Despite the emphasis on the less well trained investor, it seems that analysts and institutional investors – who are *supposedly better* equipped to read the accounts – may be the most likely beneficiaries.

Tate & Lyle mills bid turns sour

By Nikki Tait in Sydney

Efforts by Bundaberg Sugar, the Australian sugar company owned by Tate & Lyle, to acquire two Queensland crushing mills for A$121m (£58m) were dealt a severe blow yesterday when shareholders in one of the mills voted against the lifting of a restriction which limits the number of shares which any single investor can hold.

In the wake of the decision, one of Bundaberg's *Sydney-based advisers said* that he understood that the bid for that mill, *and possibly for both mills, would now be* allowed to lapse.

There was no immediate *comment or confirmation of* this from Mr Geoff Mitchell, Bundaberg's managing director.

The vote centred on the South Johnstone mill, the smaller of the two and in which Bundaberg holds a 2.7 per cent interest.

At a shareholders' meeting approximately 82.45 per cent of the votes were cast in favour of retaining the limit – which is set at 3.2 per cent of the mill's equity – while only 17.55 per cent were in favour of lifting it.

In voting down the proposal, *the mill's current owners* – who, for the most part, comprise the local Queensland *cane growers – effectively* blocked the bid from proceeding further. Bundaberg had already indicated that its A$14 a share offer was final.

By contrast, Bundaberg has not said that its offer for the Tully mill is final, but the board of the larger mill has been as vehemently opposed to the takeover as the directors at South Johnstone, and Bundaberg lacks even a small shareholding in the Tully mill.

Opposition to the bids came largely from local cane growers who were concerned that the running of the mill and its associated facilities would be changed under Bundaberg's ownership, with more emphasis put on its short-term profit performance, rather than on the service provided to growers.

C&W creates cables venture with Beijing

By Alan Cane

Cable and Wireless, the telecommunications group, and the Chinese government yesterday announced in Beijing a joint venture to develop, install and maintain international submarine telecommunications cables.

The venture, Sino-British Submarine Systems, is capitalised at £27m (£18m).

The directorate general, telecommunications, of the China Ministry of Posts and Telecommunications will hold a 51 per cent stake. The balance will be held by Great Eastern Telecommunications, a joint venture between C&W and Hongkong Telecom.

The new company is the first cable venture of its kind between a UK company and China and underlines C&W's commitment to the Asia Pacific region as its prime focus for investment over the next decade.

Hongkong Telecom, owned 57.5 per cent by C&W, is the *most profitable* part of the group accounting for £554m of its £829m operating profit last year. *Earlier this year Mr* James Ross, chief executive, said HKT's free cash flow would be devoted to investments in Asia-Pacific.

The deal also reinforces the growing relationship between the Chinese authorities and C&W. The agreement was signed by Lord Young, executive chairman of C&W Group, and Mr Luen Zhengzi of the Chinese telecommunications directorate general.

The intention is to acquire a deep ocean submarine cable installation and maintenance ship, the Flexservice 3, at present used by C&W Marine. The venture will acquire a smaller cable ship and support vessels owned by the Chinese. S-BSS will own and operate an 11-acre port area in Shanghai.

The immediate objective is to allow China to maintain the new China-Japan fibre optic cable system inaugurated in December 1993.

Campari incurs £8.6m deficit

By Simon Davies

*Campari International yes*terday exceeded the losses predicted in its latest profits warning in January. The leisure and sportswear company announced a pre-tax deficit of £8.6m for 1993 on dwindling turnover; it achieved profits of £1.11m in 1992.

The directors saw little sign of optimism for this year. "Sales and forward order performance remains disappointing for the first half, with projected revenue and contribution slightly below budget," they said.

Campari has lost more than 50 per cent of its market capitalisation since Wing Tai, the Singaporean textile group, bought a 29.9 per cent stake in 1990.

The impact of recession has led to a string of profit warnings, and the share price closed 1p lower yesterday at 46p, having traded at 150p a year ago.

Turnover fell 12 per cent to £47.5m (£54.2m). Excluding currency movements, the decline was 8 per cent; *sales to continental Europe accounted for 74* per cent of the total.

Net assets fell 46 per cent to £12.4m, although the company still has net cash of £400,000. The fall was partly due to the reduction of stock levels from £14.3m to £7.5m, including a £1.2m provision for write-downs. There were also goodwill write-downs.

New management has been attempting to tackle costs. It has already eliminated £4.4m from overheads, and is focusing on reducing the number of suppliers and on tighter management of working capital.

Losses per share emerged at 83.2p (earnings of 0.79p). The dividend is omitted; a total of 12p was paid in 1992.

NEWS DIGEST

Sketchley makes £8m acquisition

Sketchley has conditionally agreed to acquire Warrender Aircraft Services, a privately-owned business providing laundry, cleaning, packaging and distribution to the airline industry, for a maximum of £7.9m.

Also Sketchley will procure the repayment of up to £600,000 of Warrender's bank debt.

The consideration is to be satisfied as to £4m via the issue of 3.4m ordinary shares, and the balance in loan notes. *There is an additional cash pla*cing of 2.4m shares to raise £2.7m.

Scroggs leaves with £770,000

Mr Cedric Scroggs, the former chief executive of Fisons who was ousted from the pharmaceuticals group last year, received an ex-gratia payment of £417,000 in respect of damages for breach of contract. Including salary he received a total of £731,857 plus pension contributions of £37,657.

Fisons' annual report also discloses that it made an ex-gratia payment of £340,000 to Mr Bob Lankester who resigned from the group after his job as head of the scientific equipment division was removed in a reorganisation.

Cupid plans disposal and restructuring

Cupid, the bridalwear group, is selling its lossmaking nursery goods company for £1 and plans changes to its accounting practices which will result in substantially increased losses for 1993-94.

The group also announced a debt-for-equity swap and a heavily discounted £1.8m rescue rights issue, to be backed by City entrepreneurs Mr Luke Johnson, Mr Hugh Osmond, and Mr Stephen Hargrave. Cupid then plans to change its name to Brackenbridge.

The three are investing about £700,000 for what is expected to be about 25 per *cent of the enlarged share capi*tal. The 2-for-3 rights issue has been priced at 3p, against yes*terday's close of 21p, up 6p.* National Westminster Bank is also swapping £750,000 of debt *into ordinary and preference* shares.

Mr Johnson and Mr Osmond will be appointed to the board as non-executive directors.

Shorco advances 38% to £284,000

Shorco Group Holdings, the USM-quoted company which has interests in trench support systems and allied equipment, lifted pre-tax profits by 38 per cent from £206,000 to £284,000 in 1993.

The improvement, in a year "when trading conditions remained difficult", was achieved on turnover ahead to £7.11m (£6.66m).

Earnings per share came through at *6.4p (4.2p) and the* proposed final dividend is an unchanged 2.8p which holds the total at 5.2p.

The activities of Shorco Trench Systems and Spectra Alignment were brought together with effect from January 1 and the directors expect to see benefits from this in the current year. So far, 1994 had started well, they said.

Fiscal ends first day at 3p discount

Fiscal Properties' shares closed at 75p on their first day of trading yesterday, compared with the issue price of 78p. A total of 20.54m shares had been sold through a placing and intermediaries offer. Turnover yesterday was 385,000 shares.

Yorkshire Elect in gas expansion

Yorkshire Electricity, the utility company, has purchased a 6.83 per cent interest in the Armada gas field in the North Sea from Amerada Hess for £27.3m.

Net asset boost for F&C Pacific Trust

Foreign & Colonial Pacific Investment Trust reported net asset value per share ahead by 65 per cent – from 251.2p to 414.6p – over the 12 months to January 31.

On a fully diluted basis the advance was just over 62.4 per cent – from 237.8p to 386.8p.

Attributable revenue jumped to £4.12m (£2.19m) for earnings ahead 89 per cent to 3.87p (2.05p) per share. A recommended final dividend of 1.35p lifts the total to 2.25p (1.95p).

Merchant Retail acts on Normans

Directors of Merchant Retail Group have initiated a restructuring programme at subsidiary Normans, the food retailing division, to "*improve its profitability and maximise* cash generation".

Since last November *Normans has been available for* offers but none has been received which has been in the best interests of shareholders and it had been decided to retain it, directors stated.

They propose to make provisions in the accounts, for the year ended April 2, of some £3.5m for the effects of the restructuring. These comprised principally redundancy costs, and stock and equipment write-downs.

Although not completed, a valuation of group properties reveals a diminution in the order of £8.6m. As a result of this and the reorganisation provision, distributable reserves would be eliminated, and there is no payment of the ordinary dividend for the present year, or the preference due on July 1.

Johnson Matthey

In yesterday's Financial Times it was stated that Johnson Matthey was "ultimately controlled" by the Anglo American Corporation of South Africa. JM points out that Minorco and Johannesburg Consolidated Investment between them directly own 20 per cent of JM. Anglo in turn owns 43.1 per cent of Minorco and 39.6 per cent of JCI.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Campari Intl ....fin	nil	-	8.75	nil	12
Elys (Wimbledon) ....fin	15.5	June 16	14.5	17	16
F&C Pacific ....fin	1.35†	May 27	1.2	2.25	1.95
Shorco § ....fin	2.8	June 17	2.8	5.2	5.2
Wembley ....fin	nil	-	nil	nil	0.2

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

£33m buy-out at BICC offshoot

By Paul Taylor

BICC, the cables and construction group, has sold Vero Electronics, *its Southampton-based electronic packaging,* power supplies and printed circuit board manufacturer, to a management-led *buy-out group for £33m.*

Sir Robin Biggam, chairman, said the disposal "marks a further stage in our strategy to concentrate on our core businesses of cablemaking and construction".

Vero, which was acquired by BICC in 1979 but has subsequently been expanded, reported operating profits of £3m last year on sales of £66m. It employs 1,200 people.

About 70 per cent of turnover comes from the manufacture of electronic packaging boxes, enclosures and racks which are mainly used in the telecommunications, data communications and networking industries.

In addition, Vero supplies the niche markets for plug-in power supplies and specialist printed circuit boards.

The management buy-out team is led by Mr Brian Gay, managing director, who rejoined Vero in January having previously worked for the company for some 22 years until 1987.

He is leading a core buy-out team of six, together with some 40 other managers who will be subscribing for shares in the company.

Some £15m of equity for the *buy-out is being provided by* Mercury Development Capital and Candover Investments, *split equally, while the Royal* Bank of Scotland is providing bank facilities totalling £16m.

Further stinging accusations at Regina

By Simon Davies

The battle for the bees at Regina took another surprise turn with revelations that the royal jelly company paid consultancy fees to Major Ronald Ferguson, father of the Duchess of York, as part of its costly foray into polo sponsorship. The information was provided in one of two letters sent to shareholders over the extraordinary meeting on April 23 which will dictate board control.

Mr Shiraz Malik-Noor – the spurned former head-of-the-hive who is aiming to get voted back – hit out at the stings of the current board. He claimed that the battle started over unwarranted pay rises demanded by his detractors.

Mr Paul Geoghegan, chairman, and Mr Tony Shakesby, finance director, attempted to push through 20 per cent pay rises on their £50,000 salaries.

Paul Geoghegan: has received support from proxies

Mr Malik-Noor, then earning £77,000, succeeded in restricting the rise to 2 per cent.

Mr Malik-Noor also defended his track record in developing international contacts. He is attempting to reinstate himself on the board, and appoint new directors who would ensure his control.

By contrast, Mr Geoghegan's letter points to the 60 per cent fall in turnover since Mr Malik-Noor took control. It compares the £218,000 spent on US marketing against a corresponding 84 per cent drop in US sales.

Shareholders have succumbed to *Mr Geoghegan's* chain of letters (three so far). He has received 99.5 per cent support from the 765 proxies that have arrived to date.

However, Mr Malik-Noor, the major shareholder, claims support for up to 40 per cent of the shares. The only certainty is that there will be a sizeable bun fight at the jelly company's EGM.

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صكنا من الاصل

INTERNATIONAL COMPANIES AND FINANCE

BSN and Saint Louis to merge top lines

By John Ridding in Paris

BSN and Saint Louis, two of France's largest food groups, are to merge their ready-to-serve food businesses to create a company which will rank third in Europe with sales of FFr8.4bn ($1.4bn). The new group, to be called Panzalim, will combine BSN's Panzani division and the Euralim prepared food operations of Saint Louis.

BSN will have management control of the company and hold 65.5 per cent of the capital. Saint Louis will hold the balance.

Mr Antoine Riboud, BSN's chairman, described the alliance as "a logical step" which would allow both groups to strengthen their position in an expanding sector. Panzalim will control about 10 per cent of the western European market for prepared food, behind Nestlé of Switzerland and Unilever, the Anglo-Dutch group, which both control about 13 per cent of the market.

"Prepared food is one of the big areas of growth in the food industry," said Mr Riboud, who forecast the market would expand by about 5 or 6 per cent annually over the next 10 to 15 years. "Nowadays, people want a restaurant at their home with a choice like a menu," he said.

Mr Riboud said the new company would offer canned, frozen and chilled food, pasta and sauces. The principal brands to be included in the new group include William Saurin, Panzani, and Vivagel.

Of the FFr8.4bn combined sales, about FFr6bn will come from prepared foods, and the rest from pasta and sauces.

Mr Bernard Dumon, chairman of Saint Louis, said the brands and products were complementary, and that the creation of Panzalim would also strengthen the geographical presence of the two food groups. As well as the French market, BSN is strong in Italy and is expanding rapidly in east Asia. Saint Louis, which already has a strong presence in frozen foods, is an important player in the Spanish market.

According to Mr Riboud, the alliance will provide economies in the joint purchasing of ingredients and in investment in research and innovation. Describing the prepared-food sector as "the cosmetics side of the food industry", he said the establishment of brand identities and innovation had become increasingly important.

Panzalim's largest markets will be Spain and France. In France, the company will have a market share of about 26 per cent, while it will control about 30 per cent of the Spanish frozen ready-to-serve market.

BSN said it did not expect opposition to the deal from competition authorities in Brussels, because the markets remained divided between several large producers.

Food industry analysts in Paris described the deal as a positive move which would accelerate expansion of the two groups in the prepared food market. Shares in Saint Louis rose strongly, from FFr1,747 to FFr1,775. BSN's shares climbed FFr8 to FFr850.

See Lex

BSN/SAINT LOUIS MERGER: ACTIVITIES & BRANDS INVOLVED

Company	Activities	Brands
Panzani	Pasta, semolina, sauces, ready-to-serve dishes	Panzani, Garbit, Petitjean, Spagheto
Générale Traiteur	Chilled prepared foods	Honoré, Janin Traiteur, Panzani, Petitjean
Stoeffler	Chilled prepared foods and meat products	Stoeffler
Vivagel	Frozen prepared foods	Vivagel
Pycasa	Frozen prepared foods (Spain)	La Cocinera
William Saurin	Canned French recipe foods	William Saurin
Comalim	Canned foods and paté	Marie
Mack	Canned quenelles	Mack
Conserveries Du Languedoc	Canned foods, including cassoulet	La Belle Chaurienne
Frealim	Chilled prepared foods	Marie, Paul Bocuse, Luang
Gorcy	Frozen prepared foods	Marie, Gorcy
Frudesa	Vegetables, fish, frozen prepared foods (Spain)	Frudesa
Euralim	Distribution (Belgium)	William Saurin

Source: BSN/St Louis

German bank plans derivatives subsidiary

By David Waller in Frankfurt

Commerzbank, the smallest of Germany's big three banks, yesterday announced plans to set up a subsidiary for trading in derivatives. Mr Martin Kohlhaussen, chief executive, said the unit, the first in Germany, would increase the bank's involvement in vibrant derivatives activities.

He said: "There is no reason to leave the lion's share of this business in the hands of our international competitors." He said the new company, to be called Commerz Financial Products, would have offices in London, Paris, New York, Tokyo and Singapore, with its headquarters in Frankfurt.

CFP will have start-up capital of DM100m ($58.8m). The bank plans to bundle all its existing derivatives activities – with the exception of currency-related products – under the roof of the new organisation. Last year, the total volume of derivatives business, including currency transactions, was DM487bn, 171 per cent of the balance sheet total. Excluding currency transactions, derivatives volume was only 84 per cent of the balance sheet, with credit exposure of a net DM3bn.

The announcement came as Commerzbank rounded off the reporting season for German banks by announcing a 25 per cent rise in operating profits, to DM1.13bn last year, after taking account of provisions for bad debts.

Mr Kohlhaussen attributed last year's lively increase to robust growth in interest income (up 12 per cent to DM4.85bn) and fee income (up 22 per cent to DM1.96bn), as well as record results on own-account securities trading. Trading income more than doubled to DM550m.

Provisions against bad debts fell 14.9 per cent to DM1.77bn, in spite of the depth of the German recession. Mr Kohlhaussen said this reflected profits on the sale of problem-country debt.

Partial operating profits had shown "good double-digit growth" in January and February.

Digital suffers heavy losses and warns of job cuts

By Louise Kehoe in San Francisco

Digital Equipment, the US computer-maker, reported far heavier losses than expected in the third quarter, and warned it would cut 7,000 jobs, or 8 per cent of its workforce, over the next three months.

The company also announced plans for a new restructuring, probably involving further cutbacks, by the end of its fiscal year in June.

For the quarter, Digital reported net losses of $183.3m, or $1.34 per share. Wall Street analysts had been projecting losses of about 29 cents a share, with the worst at 50 cents. In the same period last year, Digital recorded a loss of $30.1m, or 23 cents.

Digital's share price fell about 18 per cent, to trade at $23⅞ in mid-session, down from Thursday's close of $28⅝. "The financial results are unacceptable to this management and obviously disappointing," said Mr Robert Palmer, president and chief executive. "Growth in sales of new products is beginning to overtake the declines in our other products, but we have not yet achieved a competitive cost structure."

Sales of computers based on Digital's new Alpha microprocessor represented almost half of total systems revenues in the quarter, excluding personal computers, he said.

However, total revenues for the quarter dropped 6 per cent to $3.26bn from $3.45bn. Product sales were down 1 per cent, while service revenues declined 11 per cent.

The drop in service revenues surprised Mr Palmer, who said Digital had failed to anticipate a sharp decline in its maintenance business, as customers replaced older data storage devices with more reliable models.

The company's inability to keep pace with rapidly increasing demand for personal computers, workstations and some storage products was also blamed.

For the nine-month period, Digital reported a net loss of $338.6m, or $2.50, compared with a net loss of $364.5m, or $2.81, a year ago.

Skandia eases voting rights limits

By Christopher Brown-Humes in Stockholm

Skandia, the Swedish insurer, is to ease controversial restrictions on shareholder voting rights. The move is partly in response to pressure from Swedish institutional shareholders who had threatened to boycott a SKr2.8bn ($354m) rights issue.

The move installs the principle of one share, one vote, for the first time in the company's 140-year history. This is subject to an overall limit, however, as shareholders will be unable to vote for more than 5 per cent of the shares represented at a general meeting.

Under the old system, dating from 1855, shareholders were restricted to a maximum of 30 votes, however big their stake. The restriction played a crucial role in fending off a hostile bid from two other Scandinavian insurers.

More recently, several of Skandia's big institutional shareholders have been demanding more say in the group's affairs.

Recovery hopes fuel Solvay stock rise

By Gillian Tett in Brussels

Shares in Solvay, the Belgian chemicals group, yesterday soared to a record high after the market predicted it would recover from heavy losses unveiled earlier.

The shares closed at BFr16,075 on the Belgian stock market, BFr275 higher than the previous day, and more than 3 per cent stronger than at the start of the week.

The surge, which took some analysts by surprise, came after the group on Thursday unveiled a total consolidated loss of BFr6.9bn ($196m) for 1993. The loss, which had been widely predicted, compares with a consolidated profit of BFr9.9bn the previous year.

Solvay yesterday blamed BFr2.95bn of the loss on restructuring costs. They related to the closure of several plants last year, resulting in the loss of 2,500 jobs.

However, the other reason for the loss was a decline in European chemical sales and prices, the group admitted. Although the group's turnover rose 14 per cent in the US, and 27 per cent in Asia last year, it fell 11 per cent in Europe.

A large part of this loss stemmed from the poor performance of the plastics sector, which recorded a BFr2.27bn pre-tax loss in 1993. Conditions in the soda ash business, where Solvay is the world leader, had also been difficult.

The result seems likely to fuel demands among the European chemical sector for tighter trade controls on east European imports of PVC and soda ash. Mr Daniel Janssen, Solvay chairman, heads a campaign calling for the European Commission to impose tough anti-dumping penalties.

Mr Janssen said yesterday the dividend would be maintained at BFr500 per share, and predicted better results this year. Sales and profits prospects for Solvay's main alkalis sectors were improving, he said, and prices appeared to be bottoming out in the caustic soda sector.

Meanwhile, cost-cutting in the western European soda ash business, and strong growth in the exports of US soda ash production to south-east Asia and Brazil should also help recovery, Mr Janssen said.

These views were endorsed by the Belgium stock market, where analysts said Solvay's fortunes could only improve.

Accident insurance claim batters Aker shares

By Karen Fossli in Oslo

The shares of Aker, the Norwegian cement, oil and technology group, plunged yesterday on the Oslo bourse following revelations that it faced a NKr2.4bn ($324m) insurance claim over the sinking of a concrete gas platform in 1991. Bringing the claim is a group of insurers seeking to recoup payouts for the accident.

Aker's A shares closed down NKr10 to NKr96.50 on the news; B shares lost NKr11 to NKr95.50; and free shares shed NKr10 to NKr97.50 in active trading which saw 5.4 per cent of Aker's total share capital changing hands.

Aker's Norwegian Contractors unit was building the Sleipner A platform for Statoil, the Norwegian state oil company, for work in the North Sea Sleipner gas field.

With the edifice nearly complete, the substructure was being submerged during preparations for towing to the field when one of its three shafts took in too much water, causing it to sink rapidly.

The claim by a syndicate of underwriters and captive insurers is being led by Vesta, the Norwegian unit of Skandia Forsakrings, Sweden's biggest insurer. Ancon, the insurance company of Exxon, is also involved. Exxon's Norway unit, Esso Norway, is the second-biggest shareholder in the Sleipner field.

Aker said yesterday it considered the claim to be unjustified, as no new information had emerged since initial investigations into the cause of the mishap.

CBoT votes to opt out of revamped Globex

By Laurie Morse in Chicago

The board of directors of the Chicago Board of Trade have voted not to participate in a restructured Globex. The move effectively ends a fractious five-year partnership between the exchange, Reuters, and the Chicago Mercantile Exchange, and creates a potential competitor for the system.

The exit by the world's largest futures exchange further clouds plans for the ambitious $200m project, created by Reuters as a vehicle for round-the-clock, round-the-world futures trading. In the two years since its launch, Globex has not met its volume or globalisation targets, and only France's Matif has made significant use of the system.

The CBoT says it plans to pull its contracts from Globex on April 30. After then, only Matif and CME contracts will remain on the system.

Ms Rosalyn Wilton, Reuter's managing director for transaction products, said: "We're obviously disappointed by the CBoT's decision. We believe the new Globex agreement goes a long way to provide an equitable arrangement for new exchanges to join."

Participations by London's Liffe is thought to be critical to Globex's future. Mr Daniel Hodson, Liffe's chief executive, said his exchange was studying the new governance model.

Meanwhile, the CBoT plans to list its financial futures contract for after-hours trade on its own computer network.

BUSINESSES FOR SALE

MACEDONIA THRACE BANK S.A.
ANNOUNCEMENT OF A PUBLIC AUCTION FOR THE HIGHEST BIDDER

The Bank of Macedonia Thrace S.A., established in Thessaloniki at 5 Ionos Dragoumi Street and legally represented, in its capacity as liquidator, in accordance with article 46a of Law 1892/1990, as supplemented by article 14 of Law 2000/1991 and following Decision No.2263/1993 of the Thessaloniki Court of Appeal.

announces

a repeat public auction for the highest bidder, with sealed, binding offers for the purchase in toto of the assets of ANIMA S.A., a societe anonyme under special liquidation.

ACTIVITY AND BRIEF DESCRIPTION OF THE COMPANY

ANIMA S.A. was founded at the end of 1983 and began functioning in June 1985, producing a) thick yarns from by-products for the manufacture of mops and mopping cloths and b) thinner yarns for the use of textile and knitting mills. The company is established in the Community of Lakkoma in the prefecture of Chalkidiki where its manufacturing plant is situated. The entire plant has been built on a self-owned plot of land 11,550 m² in area.

The following buildings stand on the above plot of land:
Production area of 1094.12 m² with electromechanical equipment.
- Office space 280 m²
- Metal warehouse 180 m²
- Underground water tank 70 m²

The plant's electromechanical equipment, which has a capacity of 2,750-4,000 kg per 24hr period (depending on the yarn count), consists of:
- TRUETZSCHELER raw materials opening and carding line (1984)
- 4 TRUETZSCHELER EXTRACARD roving frames (1984-1988)
- 1 SCHLAFHORST AUTOCORD SRK yarn-making machine (1985)
- 2 FEHRER DREF/II roving frames (1984 & 1988)
- 1 ZIENSER 720/2 general purpose draw frame (1985)
- 1 GEMMIL DUNSMORE DD twisting frame (1984)
- A LUWA, UNILUWA S40 humidifying unit (1984)
- A LUWA FDA air filtering unit (1984)
- Electrical installation
- Water supply and fire extinguishing installation
- Air supply installation

TERMS OF THE AUCTION

1. Parties interested in taking part in the auction are invited to receive the Offering Memorandum from the Liquidator and the draft letter of guarantee in order to submit a sealed, binding offer to the notary public appointed to the auction who is the Vasilika notary public Mrs Kyriaki Papadopoulou, Plateia, up to Friday, 6th May 1994 at 1500 hours.

Bids must be submitted in person or by a legally authorised representative.

2. The bids will be opened by the above notary public on Monday 9th May 1994 at 1100 hours with the Liquidator in attendance. Bidders who have submitted offers within the prescribed time can also attend. Bids submitted beyond the prescribed time will not be accepted or considered.

3. The sealed, binding offers must clearly state the offered price for the purchase, in toto, of the company's assets and must be accompanied by a letter of guarantee issued by a bank legally operating in Greece for the sum of 22,000,000 (twenty-two million) drachmas or the equivalent in US dollars.

4. The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, rights for mineral ore exploration, etc. are to be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the Company is operating or not, and with the proper legal procedures.

5. The Liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1892/90 article 46a, para. 1 as in force), known hereafter as the Majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects ad rights for sale nor for the possible refusal of the State to approve, as required, the transfer of elements of the assets, nor for their incomplete or faulty description in the Offering Memorandum and in any correspondence. In the event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.

6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provision of Law 1892/90. article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.

7. Bids should not contain terms which might prevaricate their bindingness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their contestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims or the outcome of court actions brought by the Company in this respect, or compliance with recommendations regarding the security of the installations, or for safeguarding the insurance cover, etc.

8. In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative sale contract and fails to abide by the other obligations accruing for the present announcement, then the above-mentioned guarantee of twenty two million drachmas (22,000,000 drs.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, and any actual or hypothetical loss sustained, with no obligation on the Liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as a penalty clause, and collect it from the guarantor bank.

Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.

9. The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best interests.

10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.

11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.

12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgagor's fees, rights and other expenses for drawing up topographical diagrams as required by Law 651/77, etc.) are to be borne by the Buyer.

Interested parties should apply for further information to:
MACEDONIA THRACE BANK S.A., 5 Ionos Dragoumi Street, 546 25 Thessaloniki Tel: +30-31-260569, +30-31-286012, +30-31-286013.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Silver's retreat continues

Any hope that the silver market might soon mount a successful assault on the $6-a-troy-ounce barrier appeared to have been abandoned by the end of this week. As the hedge fund buyers who recently drove the metal to a four-year high took their money elsewhere the cash price on the London bullion market subsided to $5.25½ an ounce, adding 24 cents to last week's 22-cent fall.

The weight of recent physical selling of silver and a fall in demand in India, the biggest market for the metal, "suggests that $6 to $6.50 silver are unattainable levels unless the funds want to throw huge resources into the market," said Mr Ted Arnold, analyst at the Merrill Lynch financial services group.

Silver's weakness further undermined other precious metals. Gold ended the week $8.95 down at $377.25 an ounce, while platinum surrendered another $12 to reach $394.25 an ounce at London's afternoon fixing yesterday.

The London Metal Exchange copper market tried to regain its foothold above $1,900 a tonne (for three months metal) in mid-week. But the ground quickly gave way after it clambered to $1,901.50 on Wednesday afternoon. Rumours, emanating from Shanghai, that China would relax its tight monetary policy in the near future, helped to limit the damage but by yesterday's close the price had slipped to $1,882.50 a tonne, down $6.75 on the week.

Chinese buying interest was the main support for the aluminium market after it too failed in an attempt on its next upside target – at $1,330 a tonne for three months delivery. That level was narrowly breached on Monday but by yesterday's close the price was down $12.75 on the week at $1,306.75 a tonne.

Yet another market to pay the price of ambition was lead. After losing its grip above $470 a tonne on Thursday afternoon stop-loss selling pushed the three months price to $455.50 a tonne, up $2.75 overall.

Traders at the London Commodity Exchange were meanwhile watching similar scenes unfold in the robusta coffee market. A continuation of the technical rally that lifted the July futures position by $74 to $1,437 a tonne last week took that price to $1,502 on Wednesday morning, but by then the traders were already looking over their shoulders for a downward "correction", which they considered overdue.

They did not have much longer to wait. By yesterday's close all but $9 of the $65 gain had been eliminated and dealers were hoping for a period of consolidation. "The last bit of the recent rise between $1,375 and $1,500 has been very sketchy and as our previous base was around $1,350 it would be good if we could move this to $1,400," one told the Reuter news agency.

An altogether brighter performance was put on at London's International Petroleum Exchange, where the prompt delivery position for Brent Blend crude oil moved above $15 for the first time since February 3. Dealers explained that the rally was encouraged by tighter North Sea supplies and brisk demand.

Earlier the market had ignored a report that members of the Organisation of Petroleum Exporting Countries increased production last month. The Middle East Economic Survey estimated the cartel's output in March at 24.99m barrels a day, compared with the February figure of 24.76m b/b, which was already 240,000 b/d above the agreed production ceiling.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+3,450	to 2,589,550
Aluminium alloy	-400	to 42,640
Copper	-650	to 495,475
Lead	+700	to 336,075
Nickel	+963	to 136,482
Zinc	+1,675	to 1,128,975
Tin	+490	to 25,505

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$377.25	-8.95	$338.85	$396.50	$378.25
Silver per troy oz	357.00p	-15.5	257.50p	384.50p	335.50p
Aluminium 99.7% (cash)	$1283.0	-12	$1111.0	$1323.50	$1107.50
Copper Grade A (cash)	$1863.5	-10	$1240.5	$1957.00	$1731.50
Lead (cash)	$441.0	-2	$276.50	$510.50	$431.50
Nickel (cash)	$5515.0	-45	$5875.0	$5910	$5230.0
Zinc SHG (cash)	$927.50	-2.5	$1007.5	$1014	$917.0
Tin (cash)	$5395.0	-62.5	$5570.0	$5650.0	$4730.0
Cocoa Futures May	£884	-4	£706.0	£969	£884
Coffee Futures May	$1494	+38	$876.0	$1494	$1175
Sugar (LDP Raw)	$264.20	-25.3	$259.2	$296.2	$252.9
Barley Futures Sep	£97.00	+2.5	£106.55	£97.00	£92.65
Wheat Futures Jun	£118.90	+6.8	£145.25	£113.10	£97.80
Cotton Outlook A Index	85.50c	-3.0	61.35c	85.50c	62.45c
Wool (64s Super)	403p	+17	355p	409p	342p
Oil (Brent Blend)	$14.97x		$18.67	$14.855	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x June

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1282.5-3.5	1306.5-7.0
Previous	1284.5-5.5	1309-9.5
High/low	1287.5	1311.5/1305
AM Official	1287.5-88	1310.5-11
Kerb close		1305-26
Open int.	266,029	
Total daily turnover	43,945	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1335-45	1323-4
Previous	1340-50	1330-2
High/low	1335	1330/1320
AM Official	1335-40	1323-5
Kerb close		1320-25
Open int.	4,631	
Total daily turnover	906	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	440.5-1.5	455-6
Previous	445.5-6.5	460.5-1.0
High/low		457/454
AM Official	440.5-1.5	455-6
Kerb close		455-5.5
Open int.	34,323	
Total daily turnover	6,166	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5510-20	5580-85
Previous	5535-45	5605-15
High/low	5540	5645/5576
AM Official	5540-45	5610-15
Kerb close		5577-80
Open int.	53,999	
Total daily turnover	11,319	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5390-400	5445-55
Previous	5445-55	5505-10
High/low		5520/5430
AM Official	5425-30	5490-95
Kerb close		5440-50
Open int.	18,849	
Total daily turnover	5,324	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	927-8	948-8.5
Previous	932.5-3.5	953-4
High/low	930	952/948
AM Official	929-30	951-1.5
Kerb close		948-9
Open int.	101,128	
Total daily turnover	35,257	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1863-4	1882-3
Previous	1863.5-4.5	1882-3
High/low	1862.5	1888/1880
AM Official	1862.5-63	1881.5-2.0
Kerb close		1887-8
Open int.	193,514	
Total daily turnover	50,356	

■ LME AM Official £/$ rate: 1.4727
LME Closing £/$ rate: 1.4754

Spot:1.4740 3 mths:1.4700 6 mths:1.4676 9 mths:1.4666

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open Int	Vol
Apr	87.15	+0.35	87.15	87.15	374	121
May	87.15	+0.30	87.20	86.35	21,403	20
Jun	87.30	+0.35	87.00	87.00	866	131
Jul	87.50	+0.40	87.60	86.70	19,565	14
Aug	87.50	+0.40	-	-	434	-
Sep	87.50	+0.35	87.55	86.95	5,128	4
Total					56,268	612

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	377.00-377.50	
Opening	376.30-376.70	
Morning fix	376.20	254.999
Afternoon fix	377.00	255.828
Day's High	377.60-378.00	
Day's Low	375.75-376.25	
Previous close	377.25-377.75	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....3.39 6 months 3.80
2 months ....3.44 12 months 4.22
3 months 3.50

Silver Fix	p/troy oz.	US cts equiv.
Spot	359.25	529.50
3 months	363.55	534.45
6 months	368.00	540.25
1 year	378.50	555.15

Gold Coins	$ price	£ equiv.
Krugerrand	378-381	256-258
Maple Leaf	388.30-390.75	-
New Sovereign	88-91	-

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

■ CRUDE OIL IPE ($/barrel)

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

■ GAS OIL IPE ($/tonne)

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

■ BARLEY LCE (£ per tonne)

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

■ SOYABEAN MEAL CBT (100 tons; $/ton)

■ POTATOES LCE (£/tonne)

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jun	1250	-2				
Jul	1168	+9	1175	1162	609	14
Oct	1286	+5	1290	1290	256	8
Jan	1313	-7	1315	1310	144	2
Total					3,075	128

	Close	Prev
BFI	1279	1263

Spices

The pepper market has been rather inactive of late in the absence of buying interest from grinder, reports Man Producten. Consequently white pepper prices have come under increased selling pressure. In comparison with a fortnight ago prices have declined by about 4 to 5 per cent and are now about US$2,700 a tonne, cif, for April/May shipment and $2,600, cif, for July/August (ex-new crop). Black pepper prices, in contrast, remained steady, though here too demand remained below normal. However, most origins showed little or no interest in reducing prices. Black pepper grade 1 was offered this week at $1,600-$1,650 a tonne, cif.

SOFTS

■ COCOA LCE (£/tonne)

■ COCOA CSCE (10 tonnes; $/tonnes)

■ COCOA (ICCO) (SDR's/tonne)

■ COFFEE LCE ($/tonne)

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

■ COFFEE (ICO) (US cents/pound)

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

■ WHITE SUGAR LCE ($/tonne)

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

■ COTTON NYCE (50,000lbs; cents/lbs)

Dec	73.35	-0.08	73.50	72.92	15,387	3,131
Mar	74.18	-0.07	74.30	73.90	973	80
May	74.32	-0.08	74.40	74.30	390	44
Total					58,796	28,859

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	102.05	-1.50	102.90	101.80	8,248	891
Jul	104.80	-1.65	105.80	104.60	9,582	1,008
Sep	107.05	-1.85	108.05	107.00	2,039	32
Nov	107.10	-2.30	108.25	107.10	1,127	40
Jan	108.45	-2.05	108.50	108.00	2,114	12
Mar	109.00	-2.50	-	-	548	40
Total					21,638	2,824

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 15	Apr 14	month ago	year ago
1808.9	1805.2	1831.9	1655.2

■ CRB Futures (Base: 4/9/56=100)

Apr 14	Apr 13	month ago	year ago
222.36	222.60	228.22	211.02

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

■ LIVE HOGS CME (40,000lbs; cents/lbs)

■ PORK BELLIES CME (40,000lbs; cents/lb)

LONDON TRADED OPTIONS

■ COFFEE LCE

	Calls May	Calls Jul	Puts May	Puts Jul
1300	194	159	-	13
1350	144	120	-	24
1400	95	88	1	42

■ COCOA LCE

	Calls May	Calls Jul	Puts May	Puts Jul
875	13	50	4	24
900	3	37	19	38
925	-	26	41	50

■ BRENT CRUDE IPE

	Calls May	Calls Jun	Puts May	Puts Jun
1400	-	-	-	16
1450	12	-	2	26
1500	1	31	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)

		+or-
Dubai	$13.77-3.82y	+0.16
Brent Blend (dated)	$15.30-5.35	+0.055
Brent Blend (Jun)	$14.96-4.98	+0.14
W.T.I. (1pm est)	$16.23-6.25y	+0.185

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$168-170	
Gas Oil	$152-154	-1
Heavy Fuel Oil	$69-71	
Naphtha	$142-143	+0.5
Jet Fuel	$162-164	-3.5

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$377.25	-0.25
Silver (per troy oz)♣	525.50c	-4.00
Platinum (per troy oz.)	$394.25	-8.25
Palladium (per troy oz.)	$132.00	-0.75
Copper (US prod.)	91.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.48r	
Tin (New York)	250.50c	-3.0
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	127.46p	-0.79*
Sheep (live weight)†♠	142.02p	-6.81*
Pigs (live weight)	69.87p	-7.11*
Lon. day sugar (raw)	$264.2	-4.4
Lon. day sugar (wte)	$324.5	-1.5
Tate & Lyle export	£291.0	-3.0
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	$137.50	
Wheat (US Dark North)	£180.0x	-5.0
Rubber (May)♥	69.25p	
Rubber (Jun)♥	69.50p	
Rubber (KL RSS No1 Apr)	252.50m	-1.0
Coconut Oil (Phil)§	$545.0t	
Palm Oil (Malay.)§	$417.5w	
Copra (Phil)§	$360.0	+5.0
Soyabeans (US)	£211.0	+7.0
Cotton Outlook A Index	85.50c	+1.1
Wooltops (64s Super)	409p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. y Jun. w May. t May/Jun. x Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	108.3300	-0.670	8.20	8.03	7.34
Belgium		7.250	04/04	100.4600	-0.210	7.18	7.11	6.99
Canada *		6.500	06/04	89.1000	+0.050	8.10	8.08	7.44
Denmark		7.000	12/04	100.0200	-0.630	6.99	6.86	6.58
France	BTAN	8.000	05/98	107.0400	-0.010	5.94	5.76	5.70
	OAT	5.500	04/04	92.0500	-0.460	6.61	6.51	6.15
Germany		6.000	09/03	98.1800	+0.080	6.26	6.21	6.16
Italy		8.500	01/04	98.4400	-0.530	8.74†	8.91	9.32
Japan	No 119	4.800	06/99	105.8430	+0.090	3.47	3.36	3.48
	No 157	4.500	06/03	103.7030	-	3.95	3.99	4.07
Netherlands		5.750	01/04	94.8000	-0.620	6.48	6.35	6.11
Spain		10.500	10/03	109.6000	-0.700	8.94	8.95	8.67
UK Gilts		8.000	08/99	95-05	+6/32	7.11	7.15	6.48
		6.750	11/04	94-20	+24/32	7.50	7.54	7.07
		9.000	10/08	111-15	+39/32	7.68	7.73	7.24
US Treasury *		5.875	02/04	92-11	-4/32	6.96	6.91	6.46
		6.250	08/23	87-14	-12/32	7.29	7.26	6.90
ECU (French Govt)		6.000	04/04	93.3700	-	6.94	6.91	6.57

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields	
Prime rate	6¼	One month	3.55
Broker loan rate	5	Two month	3.58
Fed.funds	3⅝	Three month	3.68
Fed.funds at intervention	3¾	Six month	4.14
		One year	4.72

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE) DM250,000 100ths of 100%

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
	1-47	2-25	1-23	2-59

Ecu

■ ECU BOND FUTURES (MATIF)

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change
Jun	104-20	104-12	-0-08

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

FT-ACTUARIES FIXED INTEREST INDICES

FT FIXED INTEREST INDICES

GILT EDGED ACTIVITY INDICES

UK GILTS PRICES

Other Fixed Interest

ECONOMIC DIARY – FORWARD EVENTS

TODAY: National Savings results (March). Central European summit in Litomysl, Czechslovakia. Mr Alan Greenspan, chairman of the Federal Reserve, addresses conference of bank supervisors in San Francisco.

TOMORROW: Gulf Arab and European Union ministers meet in Riyadh. Multilateral Middle East peace talks in Muscat. AEEU conference opens in Llandudno.

MONDAY: CBI survey of distributive trades (March). Producer price index numbers (March). European Union foreign ministers meet in Luxembourg. European parliament in session in Strasbourg. Annual session of the European Bank for Reconstruction and Development in St Petersburg. Scottish TUC conference opens in Dundee.

TUESDAY: Half-yearly update of seasonal adjustments to monetary aggregates. Financial statistics (April). New construction orders (February). US merchandise trade (February). European Union social affairs ministers meet in Luxembourg.

WEDNESDAY: Public sector borrowing requirement (March). Labour market statistics: unemployment and unfilled vacancies (March-provisional); average earnings indices (February-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Workforce in employment: revisions up to September (quarterly, whole economy). US housing starts (March); building permits (March). European Union foreign ministers and foreign ministers from the Rio Group meet at the Latin American parliament in Sao Paulo. Introduction of new £50 banknote.

THURSDAY: Engineering sales and orders at current and constant prices (February). Retail sales (March). Provisional figures for vehicle production (March). Interim statement from SmithKline Beecham.

FRIDAY: Building societies monthly figures (March). Major British banking groups' monthly statement (End-March). Provisional estimates of M4 and counterparts (March). European Union industry ministers meet in Luxembourg.

CURRENCIES AND MONEY

MARKETS REPORT

Sterling firm

The release of a better than expected March UK retail inflation figure yesterday gave rise to renewed optimism about the prospect of lower interest rates, *writes Philip Gawith.*

Few observers believe a cut is imminent, but the case for an easing of credit policy has been bolstered by underlying retail price inflation falling to 2.4 per cent in March - in the lower half of the government's target range.

The improved outlook was reflected in short sterling futures, with the June contract closing nine basis points higher at 94.73.

Sterling was fairly stable with the trade weighted index closing at 79.9 after opening at 79.8. It closed in London at DM2.5233 after finishing on Thursday at DM2.5239.

Elsewhere, weaker than expected March industrial production and capacity utilisation figures in the US undermined the dollar. The US currency finished at DM1.7124 against the D-Mark from DM1.7088 on Thursday.

Ireland joined the round of European rate cuts by lowering its short-term facility rate to 6.50 per cent from 6.75 per cent.

■ Mr Gerard Lyons, chief economist at DKB International, said the good RPI number provided confirmation that the underlying UK inflation trend was still favourable. He doubted, however, whether it had direct policy implications.

The recently released minutes of monthly monetary policy meetings revealed that "good inflation is a necessary, but not a sufficient, criterion for the Bank of England to cut again. It would need to see a slowdown in the economy because of higher taxes" said Mr Lyons.

The Bank of England provided £170m of late assistance to the UK money markets. Earlier it had provided £73m assistance, compared to a forecast shortage of £350m.

■ Taken together, the two US data released yesterday, were slightly weaker than the market anticipated. Industrial production rose 0.5 per cent in March, while capacity utilisation in mines, utilities and factories rose to 83.6 per cent from 83.4 per cent.

Although slightly below expectations, the capacity figure was not far short of 85, historically seen as the level at which inflationary pressures are triggered. Analysts said the data was keeping the dollar well underpinned, but not providing fresh buying support.

Placing downward pressure on the dollar is the resurgent yen. No fresh initiative to deal with the US/Japan trade dispute emerged from the meeting in Marrakesh between Mr Mickey Kantor, the US trade representative, and Mr Tsutomu Hata, the Japanese foreign minister.

Increasingly the market is tending towards the view that the dollar will weaken further, falling through Y100 to record lows.

■ Elsewhere in Europe the D-Mark finished stronger against most European currencies. The Italian lira slipped further to L956 from L954.8 as a squabble about the election of a speaker in the Senate renewed fears about the prospects for a stable government following the recent elections.

The Spanish peseta finished at Pta81.61 from Pta81.31, weakened apparently by rumours that the Economics minister would be resigning.

■ **Pound in New York**

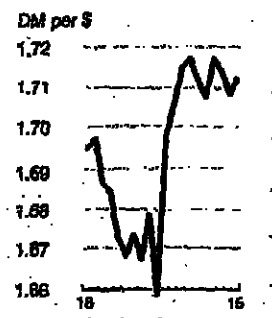
Apr 15	Latest	Prev. close
£ spot	1.4720	1.4770
1 mth	1.4704	1.4753
3 mth	1.4662	1.4727
1 yr	1.4647	1.4680

■ **OTHER CURRENCIES**

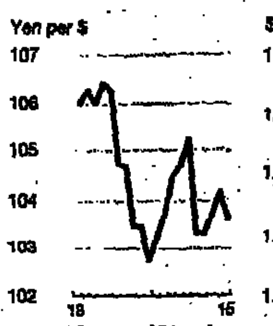
Apr 15	£	$
Hungary	152.529 - 152.780	103.550 - 103.650
Iran	2575.00 - 2581.00	1748.00 - 1750.00
Kuwait	0.4382 - 0.4400	0.2975 - 0.2985
Poland	33009.9 - 33047.1	22410.0 - 22420.0
Russia	2639.05 - 2647.85	1791.00 - 1797.00
U.A.E.	5.4100 - 5.4130	3.6715 - 3.6735

Dollar

DM per $



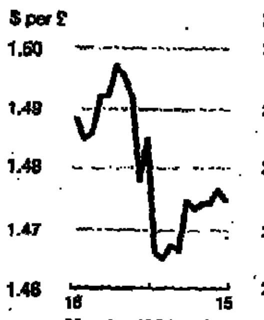
Yen per $



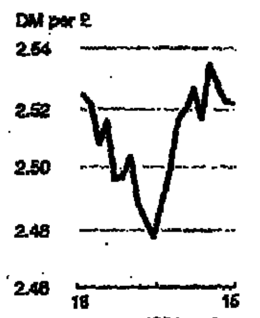
Source: FT Graphite

Sterling

$ per £

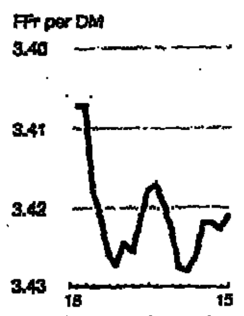


DM per £



French franc

FFr per DM



POUND SPOT FORWARD AGAINST THE POUND

Apr 15		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.7350	-0.0155	253 - 447	17.7741	17.7029	17.7312	0.3	17.7256	0.2	-	-	113.2
Belgium	(BFr)	51.9556	+0.0144	085 - 027	52.0027	51.8042	51.9806	-0.6	52.0706	-0.9	52.1156	-0.3	114.3
Denmark	(DKr)	9.8821	-0.0079	743 - 898	9.8967	9.8622	9.8923	-1.2	9.9056	-0.9	9.9153	-0.3	114.4
Finland	(FM)	8.1164	-0.0151	061 - 266	8.1460	8.0710	-	-	-	-	-	-	82.1
France	(FFr)	8.6311	+0.0004	252 - 369	8.6443	8.6071	8.6383	-1.0	8.6518	-0.9	8.6536	-0.3	107.0
Germany	(DM)	2.5233	-0.0006	218 - 247	2.5330	2.5034	2.5245	-0.6	2.5267	-0.5	2.5178	0.2	122.2
Greece	(Dr)	369.628	-0.152	134 - 121	370.247	368.728	-	-	-	-	-	-	-
Ireland	(I£)	1.0296	-0.0021	285 - 306	1.0329	1.0247	1.0305	-1.0	1.0323	-1.0	1.0376	-0.8	103.3
Italy	(L)	2412.12	+1.65	983 - 441	2416.09	2408.23	2417.42	-2.6	2428.62	-2.7	2464.37	-2.2	78.0
Luxembourg	(LFr)	51.9556	+0.0144	085 - 027	52.0027	51.8042	51.9806	-0.6	52.0706	-0.9	52.1156	-0.3	114.3
Netherlands	(Fl)	2.8332	-0.0002	318 - 345	2.8369	2.8245	2.8339	-0.3	2.8348	-0.2	2.8248	0.3	117.9
Norway	(NKr)	10.9427	-0.0077	375 - 478	10.9550	10.9181	10.937	0.6	10.9496	-0.3	10.9407	0.0	84.6
Portugal	(Es)	258.231	+0.411	922 - 540	258.775	257.242	259.206	-4.5	261.151	-4.5	-	-	-
Spain	(Pta)	205.922	+0.759	705 - 138	206.282	204.759	206.432	-3.0	207.362	-2.8	210.442	-2.2	85.0
Sweden	(SKr)	11.6705	-0.0265	610 - 800	11.7157	11.6561	11.6915	-2.2	11.7275	-2.0	11.8465	-1.5	76.6
Switzerland	(SFr)	2.1432	+0.0125	417 - 447	2.1469	2.1314	2.1412	1.1	2.1376	1.0	2.1102	1.5	116.8
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.9
Ecu	-	1.3048	+0.0001	038 - 058	1.3076	1.3018	1.306	-1.1	1.3081	-1.0	1.3096	-0.4	-
SDR†	-	0.949284	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4735	-0.0038	729 - 740	1.4765	1.4707	-	-	-	-	-	-	-
Brazil	(Cr)	1628.00	+26.8	744 - 856	1630.00	1595.00	-	-	-	-	-	-	-
Canada	(C$)	2.0414	+0.0037	403 - 424	2.0451	2.0354	2.0424	-0.6	2.0454	-0.8	2.061	-1.0	87.0
Mexico	(New Peso)	4.9576	-0.0114	522 - 630	4.9637	4.9504	-	-	-	-	-	-	-
USA	($)	1.4735	-0.0036	730 - 740	1.4766	1.4707	1.4718	1.4	1.4697	1.0	1.4662	0.5	66.4
Pacific/Middle East/Africa													
Australia	(A$)	2.0376	-0.0043	362 - 390	2.0470	2.0232	2.0361	0.9	2.0338	0.8	2.0318	0.3	-
Hong Kong	(HK$)	11.3847	-0.0278	801 - 893	11.4073	11.3629	11.3717	1.4	11.3663	0.6	11.3172	0.6	-
India	(Rs)	46.2132	-0.1132	006 - 357	46.3100	46.1320	-	-	-	-	-	-	-
Japan	(Y)	152.721	-1.011	632 - 810	153.910	152.540	152.361	2.8	151.651	2.8	148.326	2.9	189.0
Malaysia	(M$)	3.9615	-0.0055	594 - 636	3.9659	3.9532	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5908	-0.0122	883 - 932	2.6064	2.5879	2.5937	-1.3	2.598	-1.1	2.6066	-0.6	-
Philippines	(Peso)	40.5948	-0.098	602 - 293	40.9240	40.3602	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5260	-0.0137	238 - 282	5.5377	5.5159	-	-	-	-	-	-	-
Singapore	(S$)	2.3002	-0.0065	986 - 017	2.3063	2.2961	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.3943	+0.0458	588 - 898	5.3998	5.3155	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.9496	+0.0252	395 - 596	7.9615	7.7811	-	-	-	-	-	-	-
South Korea	(Won)	1192.28	-2.8	180 - 276	1194.57	1190.09	-	-	-	-	-	-	-
Taiwan	(T$)	38.8636	-0.0788	430 - 841	38.9200	38.8000	-	-	-	-	-	-	-
Thailand	(Bt)	37.2427	-0.0824	227 - 627	37.2990	37.1790	-	-	-	-	-	-	-

†SDR rate for Apr 14. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 15		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.0360	+0.0185	335 - 385	12.0735	12.0265	12.0565	-2.0	12.0835	-1.6	12.0947	-0.5	102.6
Belgium	(BFr)	35.2600	+0.0845	400 - 800	35.3200	35.1700	35.32	-2.0	35.43	-1.9	35.545	-0.8	103.9
Denmark	(DKr)	6.7065	+0.0107	035 - 095	6.7242	6.6937	6.7222	-2.8	6.7467	-2.4	6.7895	-1.2	102.9
Finland	(FM)	5.5082	+0.003	031 - 133	5.5302	5.4815	5.5149	-1.5	5.5227	-1.1	5.5344	-0.5	76.7
France	(FFr)	5.8575	+0.0143	555 - 595	5.8702	5.8447	5.8691	-2.4	5.8867	-2.0	5.902	-0.8	103.6
Germany	(D)	1.7124	+0.0038	120 - 128	1.7165	1.7005	1.7152	-2.0	1.7191	-1.6	1.7171	-0.3	103.9
Greece	(Dr)	250.850	+0.5	600 - 100	251.100	250.500	254.15	-15.8	261.6	-17.1	289.1	-15.2	70.0
Ireland	(I£)	1.4312	-0.0005	302 - 322	1.4369	1.4238	1.4284	2.4	1.4232	2.2	1.4112	1.4	-
Italy	(L)	1637.00	+5.05	600 - 800	1639.50	1633.00	1642.5	-4.0	1652.5	-3.8	1680.75	-2.7	78.7
Luxembourg	(LFr)	35.2600	+0.0945	400 - 800	35.3200	35.1700	35.32	-2.0	35.43	-1.9	35.545	-0.6	103.9
Netherlands	(Fl)	1.9228	+0.0045	225 - 230	1.9263	1.9173	1.9255	-1.7	1.9289	-1.3	1.9267	-0.2	103.4
Norway	(NKr)	7.4263	+0.0126	253 - 273	7.4396	7.4055	7.439	-2.1	7.4623	-1.9	7.5013	-1.0	94.4
Portugal	(Es)	175.250	+0.7	100 - 400	175.500	174.650	176.8	-10.6	178.65	-7.8	184	-5.0	93.1
Spain	(Pta)	139.750	+0.85	650 - 850	139.900	139.060	140.255	-4.3	141.095	-3.8	143.525	-2.7	80.6
Sweden	(SKr)	7.9203	+0.0011	165 - 240	7.9450	7.9077	7.9453	-3.8	7.9861	-3.4	8.1113	-2.4	82.0
Switzerland	(SFr)	1.4545	+0.012	540 - 550	1.4595	1.4460	1.4548	-0.2	1.4544	0.0	1.4392	1.1	103.8
UK	(£)	1.4735	-0.0036	730 - 740	1.4766	1.4707	1.4718	1.4	1.4697	1.0	1.466	0.5	88.7
Ecu	-	1.1290	-0.0028	288 - 298	1.1318	1.1269	1.1271	2.4	1.1235	2.1	1.1196	0.9	-
SDR†	-	1.38915	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	-0.0002	999 - 000	1.0000	0.9999	-	-	-	-	-	-	-
Brazil	(Cr)	1104.86	+20.81	485 - 486	1104.87	1104.85	-	-	-	-	-	-	-
Canada	(C$)	1.3854	+0.0058	851 - 856	1.3887	1.3810	1.3877	-1.9	1.3918	-1.8	1.4057	-1.5	83.7
Mexico	(New Peso)	3.3645	+0.0004	620 - 670	3.3670	3.3620	3.3655	-0.4	3.3673	-0.3	3.3747	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	101.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3823	-0.0001	824 - 822	1.3884	1.3736	1.3835	-1.1	1.3862	-1.7	1.3888	-1.2	88.8
Hong Kong	(HK$)	7.7263	-0.0002	258 - 268	7.7268	7.7258	7.7293	-0.5	7.7353	-0.5	7.76	-0.4	-
India	(Rs)	31.3663	-0.0012	650 - 675	31.3700	31.3650	31.4313	-2.5	31.5663	-2.6	-	-	-
Japan	(Y)	103.645	-0.436	620 - 670	104.300	103.530	103.52	1.4	103.19	1.8	101.185	2.4	147.8
Malaysia	(M$)	2.6885	+0.0027	880 - 890	2.6890	2.6851	2.6815	3.1	2.686	3.3	2.7285	-1.5	-
New Zealand	(NZ$)	1.7583	-0.004	572 - 593	1.7665	1.7569	1.7596	-0.9	1.7641	-1.3	1.786	-1.6	-
Philippines	(Peso)	27.5500	-	000 - 000	27.7000	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-0.0002	500 - 505	3.7505	3.7500	3.751	-0.2	3.7533	-0.3	3.7648	-0.4	-
Singapore	(S$)	1.5610	-0.0007	605 - 615	1.5620	1.5605	1.5604	0.5	1.5599	0.3	1.5585	0.2	-
S Africa (Com.)	(R)	3.6405	+0.0397	380 - 430	3.6430	3.6030	3.657	-5.4	3.683	-4.7	3.776	-3.7	-
S Africa (Fin.)	(R)	5.3950	+0.09	900 - 000	5.4200	5.2800	5.429	-7.8	5.489	-7.0	-	-	-
South Korea	(Won)	809.150	+0.05	100 - 200	809.400	808.800	812.15	-4.4	815.65	-3.2	834.15	-3.1	-
Taiwan	(T$)	26.3750	+0.01	700 - 800	26.3800	26.3700	26.4405	-3.0	26.541	-2.5	-	-	-
Thailand	(Bt)	25.2750	+0.005	700 - 800	25.2800	25.2700	25.355	-3.8	25.48	-3.2	26	-2.9	-

†SDR rate for Apr 14. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 14. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 15		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.02	16.61	4.856	1.982	4642	5.452	21.05	496.9	396.3	22.46	4.124	1.925	3.928	2.835	293.9	2.512
Denmark	(DKr)	52.58	10	8.734	2.553	1.042	2441	2.867	11.07	261.3	208.4	11.81	2.169	1.012	2.065	1.491	154.5	1.321
France	(FFr)	60.20	11.45	10	2.923	1.193	2795	3.282	12.68	299.2	238.6	13.52	2.483	1.159	2.365	1.707	176.9	1.512
Germany	(DM)	20.59	3.917	3.421	1	0.408	956.0	1.123	4.336	102.3	81.61	4.625	0.849	0.396	0.809	0.584	60.52	0.517
Ireland	(I£)	50.45	9.594	8.380	2.450	1	2342	2.750	10.62	250.7	199.9	11.33	2.081	0.971	1.982	1.430	148.3	1.267
Italy	(L)	2.154	0.410	0.358	0.105	0.043	100.	0.117	0.454	10.70	8.536	0.484	0.089	0.041	0.085	0.061	6.331	0.054
Netherlands	(Fl)	18.34	3.488	3.047	0.891	0.364	851.4	1	3.862	91.14	72.68	4.119	0.756	0.353	0.720	0.520	53.90	0.461
Norway	(NKr)	47.50	9.033	7.889	2.306	0.941	2205	2.590	10	236.0	188.2	10.67	1.959	0.914	1.866	1.346	139.6	1.193
Portugal	(Es)	20.12	3.827	3.343	0.977	0.399	934.2	1.097	4.237	100.	79.74	4.520	0.830	0.387	0.790	0.570	59.14	0.505
Spain	(Pta)	25.24	4.799	4.192	1.225	0.500	1171	1.376	5.313	125.4	100.	5.668	1.041	0.486	0.991	0.715	74.16	0.634
Sweden	(SKr)	44.52	8.468	7.396	2.162	0.883	2067	2.428	9.374	221.3	176.4	10	1.836	0.857	1.749	1.262	130.8	1.118
Switzerland	(SFr)	24.25	4.611	4.028	1.177	0.481	1126	1.322	5.105	120.5	96.06	5.446	1	0.467	0.952	0.687	71.26	0.609
UK	(£)	51.96	9.882	8.631	2.523	1.030	2412	2.833	10.94	258.2	205.9	11.67	2.143	1	2.041	1.473	152.7	1.305
Canada	(C$)	25.46	4.842	4.229	1.236	0.505	1182	1.388	5.360	126.5	100.9	5.718	1.050	0.490	1	0.722	74.82	0.639
US	($)	35.27	6.709	5.859	1.713	0.699	1637	1.923	7.427	176.3	139.8	7.923	1.455	0.679	1.386	1	103.7	0.886
Japan	(Y)	340.3	64.72	56.52	16.52	6.745	15796	18.55	71.64	1691	1348	76.42	14.03	6.549	13.37	9.646	1000.	8.546
Ecu		39.82	7.572	6.614	1.933	0.789	1848	2.171	8.383	197.9	157.8	8.943	1.642	0.766	1.564	1.129	117.0	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Apr 15	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.790355	+0.002194	-2.26	4.84	15
Netherlands	2.19672	2.17230	-0.00181	-1.11	3.62	-
Belgium	40.2123	39.8425	-0.0227	-0.92	3.42	7
Germany	1.94964	1.93546	-0.00167	-0.73	3.22	-
France	6.53883	6.62272	-0.00118	1.28	1.17	-11
Denmark	7.43679	7.58977	+0.00565	2.06	0.40	-14
Spain	154.250	157.832	+0.566	2.32	0.14	-18
Portugal	192.854	197.615	-0.193	2.47	0.00	-17
NON ERM MEMBERS						
Greece	264.513	283.501	-0.253	7.18	-4.39	-
Italy	1793.19	1850.06	+2.42	3.17	-0.66	-
UK	0.786749	0.787758	+0.000968	-2.41	5.00	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5834	0.5810	-0.0020	0.5834	0.5810	48,221	91,543
Sep	0.5807	0.5799	-0.0016	0.5807	0.5799	211	2,798
Dec	0.5799	0.5798	-0.0015	0.5798	0.5798	10	123

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9630	0.9657	+0.0028	0.9660	0.9611	25,727	51,458
Sep	0.9685	0.9712	+0.0028	0.9712	0.9685	385	2,309
Dec	-	0.9783	-	0.9783	-	4	822

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.400	6.99	6.84	6.88	-	-	0.15
1.425	4.49	4.45	4.73	-	0.07	0.47
1.450	2.04	2.40	2.90	-	0.47	1.14
1.475	0.03	0.94	1.60	0.43	1.50	2.27
1.500	-	0.25	0.82	2.61	3.25	3.73
1.525	-	0.02	0.33	5.31	5.51	5.73

Previous day's vol., Calls 9,539 Puts 19,406 . Prev. day's open int., Calls 517,156 Puts 485,830

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6914	0.6863	-0.0055	0.6914	0.6853	17,310	35,512
Sep	0.6892	0.6868	-0.0051	0.6892	0.6868	24	382
Dec	-	-	-	-	-	-	-

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.4728	1.4684	-0.0062	1.4728	1.4676	7,367	47,383
Sep	1.4640	1.4650	-0.0084	1.4670	1.4640	5	949
Dec	-	1.4640	-	-	1.4640	2	33

WORLD INTEREST RATES

MONEY RATES

April 15	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	6⅜	5⅞	5⅞	5⅞	7.40	4.75	-
week ago	-	5⅞	6⅛	6⅛	6⅛	7.40	5.00	-
France	6⅛	6¼	6	5⅞	5⅞	5.90	-	7.75
week ago	6¼	6¼	6⅛	¼	5⅞	5.90	-	7.75
Germany	5.58	5.65	5.60	5.45	5.30	6.50	5.00	5.70
week ago	5.78	5.66	5.65	5.55	5.40	6.75	5.25	5.73
Ireland	6	6	6⅛	6¼	6¼	-	-	6.50
week ago	6	6	6⅛	6¼	6¼	-	-	6.75
Italy	8⅞	7⅞	7⅞	7⅞	7⅞	-	8.00	8.27
week ago	8⅞	7⅞	8⅛	8¼	8¼	-	8.00	8.27
Netherlands	5.53	5.38	5.27	5.26	5.25	-	5.25	-
week ago	5.53	5.38	5.32	5.27	5.28	-	5.25	-
Switzerland	4⅛	4	4	4	4	6.625	3.50	-
week ago	4⅛	4	4⅛	4¼	4¼	6.625	4.00	-
US	3⅛	3⅞	4	4⅜	5	-	3.00	-
week ago	3¼	3⅞	3⅞	4¼	4⅞	-	3.00	-
Japan	2⅛	2¼	2¼	2⅜	2⅜	-	1.75	-
week ago	2⅛	2¼	2¼	2⅜	2⅜	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	3⅝	4¼	4¼	5¼	-	-	-
week ago	-	3⅝	4	4¼	4⅞	-	-	-
US Dollar CDs	-	3.63	3.87	4.22	4.84	-	-	-
week ago	-	3.63	3.84	4.15	4.74	-	-	-
SDR Linked Ds	-	3⅞	3⅞	3⅞	4	-	-	-
week ago	-	3⅞	3⅞	3⅞	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6¼; 6 mths: 6 ; 1 year: 5⅞. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 15	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5$\frac{15}{16}$ - 5$\frac{13}{16}$	5$\frac{15}{16}$ - 5$\frac{13}{16}$	5$\frac{15}{16}$ - 5$\frac{13}{16}$	5$\frac{15}{16}$ - 5$\frac{13}{16}$	5$\frac{15}{16}$ - 5$\frac{13}{16}$	5$\frac{15}{16}$ - 5$\frac{13}{16}$
Danish Krone	6½ - 6	6⅛ - 5⅞	6¼ - 5¾	6⅛ - 5⅞	6$\frac{1}{16}$ - 5$\frac{13}{16}$	6$\frac{1}{16}$ - 5$\frac{13}{16}$
D-Mark	5$\frac{9}{16}$ - 5$\frac{7}{16}$	5$\frac{11}{16}$ - 5$\frac{9}{16}$	5$\frac{11}{16}$ - 5$\frac{9}{16}$	5⅝ - 6½	5½ - 5⅜	5⅜ - 5¼
Dutch Guilder	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5$\frac{7}{16}$ - 5$\frac{5}{16}$	5⅜ - 5¼	5$\frac{5}{16}$ - 5$\frac{3}{16}$	5¼ - 5⅛	5¼ - 5⅛
French Franc	6⅛ - 6	6⅛ - 6	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6 - 5⅞	5$\frac{15}{16}$ - 5$\frac{13}{16}$	5$\frac{13}{16}$ - 5$\frac{11}{16}$
Portuguese Esc.	18 - 15	18 - 15	15 - 10	12 - 9½	11 - 9	11 - 9½
Spanish Peseta	8¼ - 8⅛	8$\frac{3}{16}$ - 8	8$\frac{1}{16}$ - 7⅞	7$\frac{13}{16}$ - 7⅝	7$\frac{13}{16}$ - 7⅝	7$\frac{13}{16}$ - 7⅝
Sterling	5¼ - 5	5⅛ - 5	5⅛ - 5$\frac{3}{16}$	5¼ - 5⅛	5$\frac{3}{8}$ - 5¼	5⅝ - 5½
Swiss Franc	4⅞ - 4⅛	4⅞ - 4⅛	4⅛ - 4⅛	4$\frac{3}{16}$ - 4$\frac{1}{16}$	4$\frac{3}{16}$ - 3$\frac{15}{16}$	4$\frac{1}{16}$ - 3$\frac{15}{16}$
Can. Dollar	6⅛ - 5⅞	5¾ - 5½	5⅝ - 5½	5$\frac{13}{16}$ - 5$\frac{11}{16}$	6⅛ - 6	6¾ - 6½
US Dollar	3$\frac{9}{16}$ - 3$\frac{7}{16}$	3⅝ - 3½	3¾ - 3⅝	4$\frac{1}{16}$ - 3$\frac{15}{16}$	4$\frac{7}{16}$ - 4$\frac{5}{16}$	5$\frac{1}{16}$ - 4$\frac{15}{16}$
Italian Lira	9 - 7½	8 - 7½	8 - 7½	8 - 7½	8 - 7⅞	8⅛ - 7⅞
Yen	2¼ - 2$\frac{3}{16}$	2¼ - 2$\frac{3}{16}$	2$\frac{5}{16}$ - 2¼	2$\frac{5}{16}$ - 2¼	2⅜ - 2$\frac{5}{16}$	2⅝ - 2½
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4⅛ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.22	94.25	+0.05	94.28	94.20	23,894	77,617
Sep	94.42	94.45	+0.05	94.45	94.22	9,676	45,473
Dec	94.52	94.54	+0.05	94.54	94.54	7,028	33,224
Mar	94.49	94.51	+0.01	95.00	95.00	5,967	37,334

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.48	95.49	-0.02	95.47	95.46	109	5082
Sep	94.87	94.89	-0.03	94.87	94.86	53	2202
Dec	94.27	94.31	-0.01	94.27	94.27	22	1428
Mar	94.00	94.04	-0.01	94.00	94.00	20	810

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.63	94.66	+0.03	94.66	94.62	32368	219773
Sep	94.87	94.88	+0.01	94.89	94.85	23986	167529
Dec	94.98	94.99	+0.01	95.00	94.95	31182	172680
Mar	95.01	95.00	-0.02	95.06	94.95	24400	175081

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.19	92.16	-0.03	92.20	92.14	7340	55585
Sep	92.39	92.35	-0.05	92.39	92.32	3159	26980
Dec	92.45	92.41	-0.07	92.46	92.38	1910	36065
Mar	92.44	92.38	-0.07	92.44	92.35	1399	9742

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.17	96.18	-0.01	96.20	96.16	5278	31027
Sep	96.22	96.14	-0.07	96.23	96.14	2555	9215
Dec	96.15	96.08	-0.05	96.15	96.08	615	4368
Mar	95.93	95.82	-0.13	95.93	95.80	122	442

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.06	94.09	+0.03	94.09	94.06	511	11448
Sep	94.26	94.29	+0.03	94.29	94.26	301	11777
Dec	94.32	94.34	+0.01	94.34	94.32	288	6762
Mar	94.33	94.33	-	94.33	94.29	231	2006

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.52	95.47	-0.05	95.52	95.46	65,792	467,778
Sep	95.92	94.87	-0.05	94.92	94.85	83,549	372,860
Dec	94.33	94.27	-0.06	94.33	94.26	71,800	306,013

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.91	95.93	-0.05	95.93	95.90	3,092	36,634
Sep	95.42	95.41	-0.04	95.42	95.39	839	11,139
Dec	94.93	94.92	-0.04	94.93	94.92	20	4,840

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.19	0.42	0.56	0.02	0.04	0.07
9475	0.04	0.23	0.37	0.13	0.10	0.13
9500	0.01	0.11	0.22	0.35	0.23	0.23

Est. vol. total, Calls 12421 Puts 3981. Previous day's open int., Calls 210178 Puts 149665

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9600	0.20	0.22	0.24	0.02	0.08	0.18
9625	0.04	0.10	0.12	0.11	0.21	0.29
9650	0.01	0.04	0.05	0.33	0.40	0.47

Est. vol. total, Calls 0 Puts 300. Previous day's open int., Calls 489 Puts 3850

UK INTEREST RATES

LONDON MONEY RATES

Apr 15	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5½ - 4¾	5⅛ - 4$\frac{15}{16}$	5⅛ - 4$\frac{15}{16}$	5¼ - 5⅛	5⅜ - 5¼	5$\frac{11}{16}$ - 6$\frac{9}{16}$
Sterling CDs	-	-	5$\frac{3}{32}$ - 5$\frac{1}{32}$	5⅛ - 5$\frac{1}{16}$	5¼ - 5⅛	5$\frac{9}{16}$ - 5½
Treasury Bills	-	-	4$\frac{31}{32}$ - 4⅞	5 - 4$\frac{15}{16}$	-	-
Bank Bills	-	-	4$\frac{31}{32}$ - 4⅞	5 - 4$\frac{15}{16}$	5⅛ - 5$\frac{1}{16}$	-
Local authority deps.	5$\frac{1}{16}$ - 4$\frac{13}{16}$	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5⅛ - 5	5⅛ - 5	5$\frac{5}{16}$ - 5$\frac{3}{16}$	5$\frac{9}{16}$ - 5$\frac{7}{16}$
Discount Market Deps	5¼ - 4¾	4$\frac{15}{16}$ - 4$\frac{13}{16}$	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.8610pc. ECGD fixed rate Stg. Export Finance. Make up day March 31, 1994. Agreed rate for period Apr 26, 1994 to May 24, 1994, Schemes II & III 6.47pc. Reference rate for period Mar 1, 1994 to Mar 31, 1994, Schemes IV & V 5.214pc. Finance House Base Rate 5½pc from Apr 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.65	94.73	+0.09	94.75	94.63	29561	106036
Sep	94.41	94.49	+0.09	94.51	94.38	29173	79945
Dec	94.05	94.13	+0.09	94.16	94.01	22010	112490
Mar	93.60	93.69	+0.09	93.71	93.56	7725	45770

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.26	0.24	0.19	0.03	0.25	0.56
9475	0.09	0.13	0.11	0.11	0.39	0.73
9500	0.02	0.06	0.06	0.29	0.57	0.93

Est. vol. total, Calls 8221 Puts 4694. Previous day's open int., Calls 152924 Puts 180659

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25	● Members of British Merchant Banking & Securities Houses Association	
Citibank NA	5.25	Lloyds Bank	5.25	* In administration	
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

LONDON TRADITIONAL OPTIONS. April 15

First Dealings 5/4 , Last Dealings 15/4 , Last Declarations 14/7 , For settlement 25/7

Calls: Arcon Intl., Coverdale, Cupid, Fisons, Hogg Group, Regalian Props., Regent Grp., Select Inds. Puts: London Intl.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
[illegible]				

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
[illegible]				

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £128⅞ 129⅜
Exchequer 10½% Stk 2005 - £119 119⅞

Corporation and County Stocks

Birmingham Corp 3½% Stk 1946(or after) - £40 (11Ap94)
Islington Corp 12.65% Red Stk 2007 - £129 (8Ap94)

Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £104⅛ (8Ap94)
Land Securities PLC 6¾% Cnv Bds 2002(Br£1000) - £101 ½ (11Ap94)
Land Securities PLC 9⅞% Cnv Bds 2004 (Br£5000&50000) - £112¼ 3½ (8Ap94)
Lasmo PLC 9½% Nts 1999 (Br £ Var) - £101 (13Ap94)
Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £99¾ ⅞
Leeds Permanent Building Society 11½% Nts 1996 (Br £5000&100000) - £105⅛
Lloyds Bank PLC 7⅞% Subord Bds

Commercial Union PLC 10¾% Gtd Bds 2002 (Br £ Var) - £111½ (11Ap94)
Cookson Finance NV 5¾% Gtd Red Cnv Prf 2004 (BrSm 165) - £120⅜ (11Ap94)
Daily Mail & General Trust PLC 8¾% Exch Bds 2005 (Br£1000&5000) - £167 7 (12Ap94)
Dawson Finance NV 9⅝% GtdRedCnvPrf 2004(CertsToBr £116) - £90 (12Ap94)
Denmark(Kingdom of) Fltg Rte Nts 1995 (Br £ Var) - £25.62
Delta Finance NV 7⅜% Gtd Bds 2003 (Br £ Var) - £92½ (13Ap94)
Dow Chemical Co Zero Cpn Nts 30/5/97(Br£1000&10000) - £79.95
E.I. Du Pont de Nemours & Co 7½% Nts 1999(Br $Var) - $101.45 101.65 (13Ap94)
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £106¼ (13Ap94)
Elf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006(Br£5000&100000) - £102½ (12Ap94)
Far Eastern Textile Ld 4% Bds 2006(Br$10000) - $111½ (12Ap94)
Finland(Republic of) 9¾% Nts 1997 (Br£ Var) - £106⅞ (13Ap94)
Finland(Republic of) 10⅛% Bds 2008(Br£1000&10000) - £110⅝ .7
Finland(Republic of) 10⅞% Bds 1998 - £108⅝
Fuji Bank Ld 1¼% Cnv Bds 2002(Br$5000) - $108 (12Ap94)
Guaranteed Export Finance Corp PLC 7¼% Gtd Nts 1998 (Br £ Var) - £99⅛ ¼ (12Ap94)
Guaranteed Export Finance Corp PLC 9¼% Gtd Bds 2008 (Br £ Var) - £108¾ (13Ap94)
Guaranteed Export Finance Corp PLC 10⅝% Gtd Bds 2001 (Br£Var) - £113.28 (8Ap94)
Guinness PLC 7⅞% Nts 1997 (Br £ Var) - £100.2 (13Ap94)
Guinness PLC 10⅝% Nts 1997 (Br £1000 & 10000) - £108
Guinness Finance BV 12% Gtd Nts 1998(Br£1000&10000) - £108¾ (13Ap94)
Halifax Building Society 6½% Bds 2004 (Br£1000,10000,100000) - £89⅞ (12Ap94)
Halifax Building Society 7¾% Nts 1998 (Br £ Var) - £99.9
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £118⅛ (11Ap94)
Halifax Building Society Fltg Rate Nts 1995(Br£10000&50000) - £99.99 100 (8Ap94)
Halifax Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £99½ 100
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £116 (12Ap94)
Hanson PLC 10⅜% Bds 1997 (Br £Var) - £107⅞

International Bank for Rec & Dev 9¼% Bds 2007 (Br£5000) - £107⅞ ¾ 8⅛ ⅞
International Bank for Rec & Dev 10⅜% Nts 1999 (Br£5000) - £110
International Bank for Rec & Dev 10⅞% Nts 1994(Br£1000&10000) - £101.58 (12Ap94)
Italy(Republic of) 9⅛% Bds 1996 (Br$5000&10000) - $105⅞ (8Ap94)
Japan Development Bank 7% Gtd Bds 2000 (Br £ Var) - £96⅞
Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £98¼ ½ ⅝ (13Ap94)
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £100 (12Ap94)

Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £119¾ 20 ¼ ½ ¾
Tesco Capital Ld 9% Cnv Cap Bds 2005(Br£5000&10000) - £118¼ (13Ap94)
Thames Water PLC 9½% CnvSubordBds 2006(Br£5000&50000) - £131 (12Ap94)
Thames Water Utilities Finance PLC 10½% Gtd Bds 2001 - £111¼ (11Ap94)
3i Group PLC 9⅞% Nts 1994(Br£1000&10000) - £100 (13Ap94)
Tokyo Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £93⅞
U-Ming Marine Transport Corporation1½% Bds 2001(Reg in Mult $1000) - $86 86¼ (13Ap94)
Unilever PLC 7⅞% Nts 1998 (Br £ Var) - £99½
United Kingdom 7¼% Bds 2002(Br$Var) - $99.7 99.95 (8Ap94)
Victorian Pblc Athrs Fin Agency 9⅝% Gtd Bds 1999(Br£Vars) - £106
Warburg(S.G.) Group PLC 9% Perp Subord Nts (RupNtsBr£) - £89⅛ (13Ap94)
Wellcome PLC 9¾% Bds 2006(Br£1000&10000) - £109 ½ (12Ap94)
Woolwich Building Society 11⅝% Subord Nts 2001 - £113⅞ (8Ap94)
Abbey National Treasury Servs PLC Y250m 1.465% Nts 11/4/96 - Y98 (11Ap94)
Credit Commercial De France $100m Subord Collared FRN 14/3/2004 - $96 (11Ap94)
Sweden(Kingdom of) £600m 7½% Nts 3/12/97 - £100¼ ⅝ ⅝ 1⅝
Sweden(Kingdom of) £250m 7% Instruments 23/12/98 - £97⅞
Sweden(Kingdom of) £350m 7⅝% Bds 28/7/2000 - £98¼

Sterling Issues by Overseas Borrowers

Asian Development Bank 10¼% Ln Stk 2009(Reg) - £118⅞ф
Asian Development Bank 10¼% Ln Stk 2009(Br) - £119 (12Ap94)
Bank of Greece 10¾% Ln Stk 2010(Reg) - £106 (11Ap94)
Denmark(Kingdom of) 13% Ln Stk 2005 - £134¾ф 5¾ф
European Investment Bank 9% Ln Stk 2001 (Reg) - £105 (8Ap94)
European Investment Bank 9½% Ln Stk 2009 - £111
European Investment Bank 10⅛% Ln Stk 2004(Reg) - £116.2375ф
European Investment Bank 11% Ln Stk 2002(Reg) - £118 (12Ap94)
Finland(Republic of) 11½% Ln Stk 2009 (Reg) - £124¾ (11Ap94)

Listed Companies(excluding Investment Trusts)

ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Br £Var) - £80 (11Ap94)
Aberdeen Trust PLC Wts to sub for Ord - 52 (12Ap94)
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - $11¼ (12Ap94)
Aitken Hume International PLC 7% (Net) Cnv Cum Red Prf £1 - 90 (8Ap94)
Albert Fisher Group PLC ADR (10:1) - $8.76 .77 (13Ap94)
Alexanders Hldgs PLC 8½% Cum Prf £1 - 63 93 (13Ap94)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 57 8
Allied-Lyons PLC ADR (1:1) - $7.93 (12Ap94)

FT-SE ACTUARIES INDICES

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Miscellaneous Warrants

USM Appendix

Investment Trusts

Rule 535(2)

LONDON STOCK EXCHANGE

MARKET REPORT

Rate cut hopes drive equities sharply higher

By Steve Thompson

Good news on UK inflation, coming hard on the heels of the cut in German interest rates and encouraging economic news from the US, raised hopes of another reduction in UK interest rates yesterday. This set the scene for a strong performance by the London stockmarket.

The FT-SE 100-share index, which laboured in early trading as UK institutions held fire ahead of the crucial inflation news for last month, took some time to get into gear but moved into overdrive during the final two hours of trading. Towards the close, it was helped by a good showing by Wall Street and a number of trading programmes on the buy side during the final hour of business.

Adding to a general air of euphoria as the market closed was the announcement that the Bank of England intends to auction government stock maturing between 1997 and 2001 against expectations of stock maturing between 2004 and 2006. Fuller details of the auction are expected early next week.

By the close the FT-SE 100 index had sprinted ahead to end the session 36.6 higher at 3,168.3, extending the rise on the week to 47.5. The second-line stocks also attracted sustained buying interest, with the FT-SE Mid Cap 250 index closing 32.5 firmer at 3,824.6.

Gilt-edged stocks were always in positive territory with the long-dated issues up a point and more at best, responding to growing hopes that another UK interest rate cut may come sooner than previously expected.

Account Dealing Dates		
*First Dealings: Mar 28	Apr 11	Apr 25
Option Declarations: Apr 7	Apr 21	May 12
Last Dealings: Apr 8	Apr 22	May 13
Account Day: Apr 18	May 3	May 23

*New time dealings may take place from two business days earlier.

The market began the session in subdued fashion, with the FT-SE 100 index up just over seven points and turnover restrained by lingering fears about the inflation numbers. In the event the retail price index news showed inflation slowing to show an annualised gain of only 2.3 per cent. This was below forecasts and provided the spark for both gilt-edged and equity markets.

The former raced higher, shrugging off a sluggish performance by German bunds, as talk of another UK rate cut gripped the market, while equities surged higher amid suggestions that institutions had moved in to buy a market short of stock.

Dealers reported increasing demand for the leading FT-SE stocks during the afternoon and the 100-index reached a day's peak of 3,168.6 just before the official close.

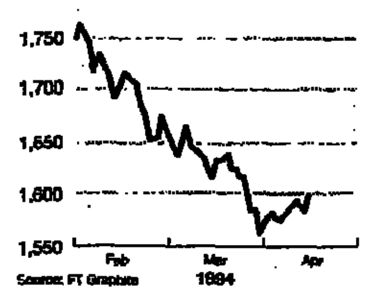
The head of market-making at one leading UK integrated securities house said the market was looking in "fine shape" as it closed for the weekend. "It was a dullish day to begin with but was looking very strong towards the close when there was some sizeable institutional buying. The UK inflation news was very well received, we've had the expected German rate cuts and the US markets are looking healthy."

The oil sector, which has outperformed the wider market in recent sessions, was again strongly supported as crude oil prices topped $15 a barrel and leading international brokers forecast average oil prices in excess of $16 a barrel for the year.

Turnover in equities reached 698.8m shares, slightly up on Thursday's total. The value of customer business transacted on Thursday was $1.39bn.

The bank sector of the market performed well with the exception of HSBC where the shares were affected by suggestions that the bank's fixed-interest trading arm had suffered after the extreme market turbulence following the shift in US monetary policy.

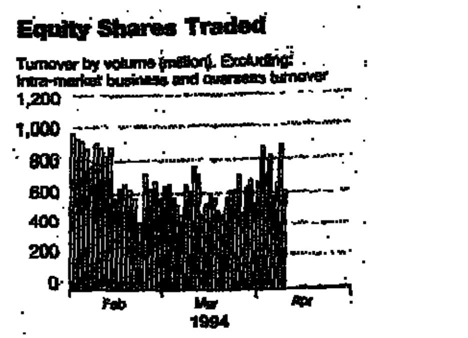
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios		
FT-SE Mid 250	3824.6	+32.5
FT-SE-A 350	1609.3	+17.4
FT-SE-A All-Share	1599.16	+16.46
FT-SE-A All-Share yield	3.64	(3.67)
FT Ordinary index	2507.1	+29.4
FT-SE-A Non Fins p/e	20.79	(20.61)
FT-SE 100 Fut Jun	3187.0	+54.0
10 yr Gilt yield	7.60	(7.69)
Long gilt/equity yld ratio:	2.17	(2.19)

FT-SE 100 Index	
Closing index for Apr 15	3168.3
Change over week	+47.5
Apr 14	3131.7
Apr 13	3145.8
Apr 12	3159.1
Apr 11	3149.4
High*	3180.7
Low*	3113.2

*Intra-day high and low for week

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	3,600	58¼	+1¼	Lonrho	4,900	149½	+6
Abbey National†	1,700	476	+2	Lucas	5,900	211	+7
Albert Fisher	2,100	62	+2	MEPC†	744	496	+5
Allied-Lyons†	3,200	584	+13	MFI	242	166	+2
Anglian Water	1,600	499	-1	Manweb	185	722	+17
Argos	251	357	+2	Marks & Spencer†	4,400	426½	+4½
Argyll Group†	2,000	246	+2	Midlands Elect.	352	637	+14
[illegible]				[illegible]			
ICI†	1,600	894	+8	Vodafone†	1,500	517	-½
Inchcape†	1,400	563	+25	Warburg (SG)†	493	785	-8
Johnson Matthey	111	507	+2	Wellcome†	3,100	538	-4
Kingfisher†	1,800	606	+9	Welsh Water	244	624	+6
Kwik Save	448	588	-8	Wessex Water	408	625	-3
Ladbroke†	7,300	188	+5	Whitbread†	722	556	+7
Land Securities†	739	677½	+9½	Williams Hldgs.†	698	393	+9
Laporte	224	779	+2	Willis Corroon	441	226	+1
Legal & General†	418	472	+7	Wimpey	377	167	
Lloyds Abbey	693	384	-1	Wolseley†	123	869	+9
Lloyds Bank†	3,400	546	-6	Yorkshire Elect.	232	639	+15
LASMO	6,700	132	+8	Yorkshire Water	410	509	+1
London Elect.	615	621	+21	Zeneca†	1,700	711	-8

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures closed firmly ahead as hopes of a reduction in UK interest rates returned to the market, *writes Joel Kibazo.*

The June contract on the FT-SE 100 closed at 3,187 after reasonable turnover of 15,792 lots. Thursday's close was 3,133 after volume of 14,698 contracts. However, it was a poor day in the FT-SE mid-250 with only 16 lots dealt as it closed at 3,825.

Turnover in the traded options was 44,669 contracts of which 20,172 was in the FT-SE 100 option and Lasmo was the busiest stock option with a total of 2,833 lots.

FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3144.0	3187.0	+54.0	3193.0	3130.0	15792	53480
Sep		3206.0	+54.0			0	678
Dec		3218.0	+54.0			0	10

FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3805.0	3825.0	+40.0	3815.0	3795.0	16	2817

FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3800.0	3832.5	+32.5	3820.0	3800.0	19	913

All open interest figures are for previous day. † Exact volume shown.

FT-SE 100 INDEX OPTION (LIFFE) (*3167) £10 per full index point

[illegible]

EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3850	3900	3950	4000	4050	4100	4150	4200
Apr	46	95	146	196	246	296	346	396

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm. OMLX option prices shown taken at 10.30am

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday April 15 1994

[illegible]		[illegible]		[illegible]	
Leisure & Hotels	+6.87	Services	-1.13	Electricity	-9.22
Extractive Industries	+6.95	Building Matls. & Merch.	-1.16	Insurance	-9.38
Media	+6.88	Transport	-1.18	Consumer Goods	-9.59
Chemicals	+6.54	Health Care	-1.19	Merchant Banks	-12.32
FT-SE SmallCap ex IT	+4.70	Support Services	-1.55	Gas Distribution	-12.48
Gen. Manufacturers	+4.51	Non-Financials	-3.27	Financials	-12.61
Mineral Extraction	+4.43	Food Manufacturers	-4.06	Utilities	-12.79
Distributors	+3.84	Spirits, Wines & Ciders	-4.06	Water	-14.15
Oil, Integrated	+3.64	Life Assurance	-4.58	Telecommunications	-14.87
Building & Construction	+3.50	FT-SE-A All Share	-4.93	FT Gold Mines	-15.84
FT-SE SmallCap	+3.38	Investment Trusts	-5.33	Pharmaceuticals	-16.16
Diversified Industrials	+3.20	FT-Se-A 350	-5.50	Banks	-16.80
FT-Se Mid 250 ex IT	+1.74	Household Goods	-7.00	Tobacco	-19.87

FT - SE Actuaries Share Indices — The UK Series

	Apr 15	Day's chge%	Apr 14	Apr 13	Apr 12	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3168.3	+1.2	3131.7	3145.8	3159.1	2824.4	3.84	6.21	19.41	33.61	1175.59	3520.3	2/2	3088.4	31/3	3520.3	2/2/94	986.9	23/7/84
FT-SE Mid 250	3824.6	+0.9	3792.1	3801.2	3808.3	3082.8	3.27	5.29	23.22	30.97	1400.81	4152.6	3/2	3752.9	31/3	4152.6	3/2/94	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3843.2	+0.9	3809.7	3817.8	3825.9	3097.1	3.33	5.70	21.75	30.71	1402.52	4160.7	19/1	3772.7	8/4	4160.7	19/1/94	1378.3	21/1/86
FT-SE-A 350	1609.3	+1.1	1591.9	1598.2	1604.1	1402.0	3.69	5.99	20.19	16.04	1221.58	1778.3	2/2	1570.4	31/3	1778.3	2/2/94	664.5	14/1/86
FT-SE SmallCap	1931.39	+0.3	1925.47	1925.56	1924.54	1545.86	2.91	4.04	30.54	13.84	1477.15	2094.98	4/2	1874.73	4/1	2094.98	4/2/94	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1903.02	+0.3	1897.32	1896.47	1896.94	1551.46	3.08	4.48	27.95	13.60	1457.86	2060.72	4/2	1825.29	4/1	2060.72	4/2/94	1363.79	31/12/92
FT-SE-A ALL-SHARE	1599.16	+1.0	1582.70	1588.59	1593.95	1398.07	3.64	5.85	20.88	15.62	1235.38	1764.11	2/2	1561.97	31/3	1764.11	2/2/94	61.92	13/12/74

FT-SE Actuaries All-Share

	Apr 15	Day's chge%	Apr 14	Apr 13	Apr 12	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
10 MINERAL EXTRACTION(18)	2677.08	+2.4	2614.42	2597.81	2605.79	2158.20	3.43	4.49	27.71	30.90	1060.41	2693.38	9/2	2438.68	31/3	2693.38	9/2/94	986.20	19/2/86
12 Extractive Industries(4)	3974.41	-1.1	4018.42	4023.94	3992.93	3040.80	3.26	4.49	26.80	41.61	1083.97	4197.55	2/2	3768.89	22/2	4197.55	2/2/94	1000.00	31/12/85
15 Oil, Integrated(3)	2606.37	+3.0	2531.05	2510.75	2522.69	2072.30	3.47	4.86	25.60	31.69	1053.38	2615.75	9/2	2349.98	30/3	2615.75	9/2/94	982.36	20/2/88
16 Oil Exploration & Prod(11)	1953.09	+5.1	1857.98	1852.12	1876.55	1949.40	3.43	0.92	80.00†	15.36	1124.92	2013.98	4/2	1764.40	31/3	3944.10	8/6/90	659.30	28/7/86
[illegible]																			
71 Banks(10)	2577.98	-0.8	2894.06	2913.57	2922.82	2316.80	3.74	8.93	17.07	55.06	851.12	3081.33	24/1	1328.96	23/3	1624.26	29/12/86	876.90	25/8/82
73 Insurance(15)	1375.51	+0.8	1364.53	1370.38	1369.97	1317.50	4.65	7.98	14.61	27.77	929.42	1589.51	19/1	2447.55	31/3	2921.37	19/1/94	967.70	23/1/88
74 Life Assurance(6)	2597.22	+2.7	2529.76	2544.70	2573.50	2566.50	4.79	8.71	18.39	63.38	984.51	2921.37	2/2	2904.23	24/3	3761.29	2/2/94	982.80	27/1/88
75 Merchant Banks(6)	2992.37	-0.6	3006.72	3021.42	3015.86	2407.70	3.19	8.84	13.89	21.22	884.39	3761.29	4/2	1882.78	8/4	2279.35	4/2/94	958.30	1/10/90
77 Other Financial(24)	1931.38	+0.1	1930.21	1934.54	1933.31	1404.80	3.42	6.31	19.00	17.46	1013.28	2279.35	4/2	1559.71	31/3	2132.46	5/8/89	718.40	16/9/92
79 Property(35)	1654.89	+0.9	1650.57	1653.18	1657.08	1207.90	3.68	3.93	32.26	7.31	932.58	1886.66	2/2	2781.52	31/3	3184.31	2/2/94	977.20	14/1/86
80 INVESTMENT TRUSTS(122)	2867.72	+0.8	2851.70	2863.10	2858.18	2232.50	2.13	1.76	57.57	18.58	954.56	3184.91	2/2	1561.97	31/3	1764.11	2/2/94	61.92	13/12/74
89 FT-SE-A ALL-SHARE(666)	1599.16	+1.0	1582.70	1588.59	1593.95	1398.07	3.64	5.85	20.88	15.62	1235.38	1764.11							

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3139.2	3143.4	3141.8	3149.6	3148.2	3146.2	3143.0	3158.6	3168.8	3168.6	3134.3
FT-SE Mid 250	3795.1	3799.3	3803.1	3808.6	3810.9	3812.6	3813.9	3820.3	3824.5	3825.0	3795.1
FT-SE-A 350	1595.1	1597.1	1596.9	1600.5	1600.1	1599.5	1598.4	1605.1	1608.7	1609.4	1593.6

Time of FT-SE 100 High: 4.23pm Low: 9.26am

FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1301.2	1303.6	1301.4	1302.5	1303.3	1303.1	1300.8	1302.8	1306.5	1307.7	1300.2	+7.5
Pharmaceuticals	2693.5	2692.7	2677.1	2683.0	2682.0	2690.6	2680.6	2698.5	2701.8	2701.2	2689.4	+11.8
Water	1778.1	1777.8	1780.1	1782.4	1777.7	1778.1	1778.0	1783.5	1784.4	1784.2	1779.5	+4.7
Banks	2935.4	2937.1	2924.2	2926.6	2913.6	2907.1	2891.2	2921.9	2916.9	2913.8	2930.1	-16.3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00	UK Gilts Indices	31/12/75	100.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	Index-Linked	30/4/82	100.00
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00	Debs and Loans	31/12/77	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	1000.00	All Other	31/12/85	1000.00			

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-SE Actuaries All-Share index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. DELETION: Magellan Industries. (29)

Crude price lifts oil shares

Oil stocks led the London stock market forward yesterday with Shell Transport standing out, the shares jumping 18 to 728p on turnover of 12m. The move puts the stock back towards its all-time high, reflecting the strength of underlying oil prices.

One month Brent crude was back to $15 a barrel, up from the recent low of $12.70 just after the Opec meeting at the end of March agreed to maintain output levels. Also, the West Texas Intermediate (WTI) price jumped through $16 prompting a rash of share buying in New York on Thursday night.

The US buying led to a scramble for stock in London early yesterday morning as traders fought to cover their short positions. The higher price also persuaded US investment banks Salomon Brothers and Merrill Lynch to raise oil price forecasts. Dealers said Salomon lifted its WTI forecast by 35 cents to $16.10. British Petroleum, also benefiting from a small disposal, gained 13¼ to 390p. Enterprise, which confirmed earlier speculation of a small find in Cambodia, improved 22 to 457p.

Banks weak

Banking stocks were in a market backwater as bearish stories dampened sentiment. The main pressure focused on HSBC whose shares fell 15 to 781p. The selling of the leading far eastern bank was initially prompted by comment on the resignation of four senior executives from Midland Global Markets, the treasury and capital markets arm. Dealers added that one of the Sunday newspapers was preparing a feature on losses in fixed income departments as bond dealers were caught unawares by the recent hike in US interest rates and subsequent slide in bonds. Midland Global is considered the leading bond player among clearing banks.

NatWest Securities, also suspected of suffering because of bond losses, dropped 3 to 474p.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (87).

BANKS (3) Fuji, Sanwa, Tokai, BUILDING & CNSTRN (4) BLDG MATLS & MCHTS (3) Darby, Kingspan, CHEMICALS (3) European Colour, Hickson, Yule Catto, DISTRIBUTORS (2) Bunzl, Northamber, DIVERSIFIED INDLS (1) Mitsubishi, ELECTRNC & ELECT EQUP (6) ENGINEERING (6) ENG. VEHICLES (3) BBA, T&N, Volkswagen, EXTRACTIVE INDS (2) Cons. Murch, Rockwood, HOUSEHOLD GOODS (2) Swallowfield, Waterford Wedgwood, INSURANCE (1) Hogg, INVESTMENT TRUSTS (6) INVESTMENT COMPANIES (1) Japanese Wrt Fd, LEISURE & HOTELS (1) Ramsden's (H), MEDIA (4) Euromoney Pub, Holmes Marchant, Metal Bulletin, Telegraph, OIL EXPLORATION & PROD (4) Brit. Borneo, LASMO, Monument Oil, Sun Res, OTHER FINANCIAL (1) Western Selection, PHARMACEUTICALS (2) British Bio-Technology, Fisons, PRTNG, PAPER & PACKG (1) Smith (D. S.), PROPERTY (1) Aukett Assocs, RETAILERS, FOOD (1) Morrison (Wm) Prf., SUPPORT SERVS (2) McDonnell Info, Serco, TEXTILES & APPAREL (4) TRANSPORT (3) Nat Express, P & O Dfd, Do. Prf., AMERICANS (1) Allegheny & West.

NEW LOWS (84).

GILTS (1) BANKS (1) Royal Bk. of Scot., BREWERIES (3) Greene King, Mansfield Brewery, Marston Thompson, BLDG MATLS & MCHTS (2) Ashley, Do. Prf., CHEMICALS (1) Wardle Storeys, DISTRIBUTORS (3) Central Motor Auctions, Diploma, Farnell, ELECTRNC & ELECT EQUP (4) Dale Elect., Dewhurst 'A', Eurocopy, Prestwick Prf, ENGINEERING (5) GBE, Hall, Hunting Prf., Ipeco, Triplex Lloyd, EXTRACTIVE INDS (8) FOOD MANUF (1) Sims, HEALTH CARE (1) London Intnl, INSURANCE (5) Angerstein, HCG Lloyds, Independent Insce, INVESTMENT TRUSTS (6) INVESTMENT COMPANIES (2) LEISURE & HOTELS (2) Forte, Jurys Hotel, LIFE ASSURANCE (1) Utd Friendly B, MERCHANT BANKS (1) Kleinwort Benson, OIL EXPLORATION & PROD (1) Alliance Res, OTHER FINANCIAL (2) Baltic Prf, Clayhithe, OTHER SERVS & BUSNS (2) Bailey (C. H.), Rodime, PHARMACEUTICALS (4) Lilly (Eli), Proteus Intl, Wellcome, Zeneca, PRTNG, PAPER & PACKG (1) NMC Prf, PROPERTY (3) Dencora, English & Overseas Props., Moorfield Estates, RETAILERS, FOOD (1) Brake Bros., RETAILERS, GENERAL (2) Alexon, Austin Reed, SUPPORT SERVS (8) TELECOMMUNICATIONS (1) GN Great Nordic, TEXTILES & APPAREL (1) Heggas (J), TRANSPORT (4) CSX, Lon & O. seas Freighters, Tiphook, Vard, WATER (5) AMERICANS (4) CANADIANS (4)

Talk of an imminent interest rate cut boosted the regional electricity companies, with good advances also being made by the generators. Strong performances came from London, which jumped 21 to 621p, South West 20 to 645p and Norweb 23 to 673p. Eastern, which announced after the market had closed that it had purchased 250,000 of its shares at 648p, added 3½ to 647½p.

NatWest was recommending the generators after their recent underperformance. PowerGen moved up 12 to 495p and National Power 13 to 443p, while Scottish Hydro, up 12 at 364p, was said to be favoured by UBS.

Water stocks were mixed in low volume. A stock overhang depressed Northumbrian, the shares coming off 12 to 623p. There was good demand, however, for North West, ahead 6 at 517p.

The pressure on Vodafone continued, underpinned by competition fears and US selling. The shares slipped a halfpenny lower to 517p in a perky telecoms sector. Cable and Wireless was the best performer, gaining 17 to 469p as the group announced a joint venture in China. BT added 3½ to 390½p.

BAT Industries fell 6½ to 443½p as it was announced that its US insurance subsidiary Farmers estimated that their range of probable losses from the Northridge earthquake was between $600m and $800m before any recoveries from reinsurance arrangements, against original expectations of around $600m.

Pharmaceuticals group Glaxo was weak in early trading as US investment bank Lehman Brothers told clients one of the leading US health maintenance organisations (HMO) was to use a new ulcer eradication treatment. This would hit ulcer depressant treatments Zantac, Glaxo's leading product, and Astra's Lose. Glaxo shares were, off 6 at worst, but ended the day 7 better at 575p after the company announced that its Japanese subsidiary had begun marketing Zofran, its anti-nausea drug for cancer patients.

News and financial information group Reuters Holdings performed well on its last day as the heavyweight stock in the Footsie. The shares lifted 19 to 1993p on turnover of 1.8m. On Monday morning a four-for-one share split comes into effect.

Exploration and production company Lasmo improved 8 to 132p as it was announced that Mr Joe Derby, the chief executive, had put his money behind the company and bought 10,000 shares at 123p each.

Aran Energy was one of the most heavily traded stocks in the market. The shares rose 2¾ or 10 per cent to 26¾ on turnover of 12m.

Clyde Petroleum improved 2 to 35p as it was confirmed that PDFM, the investment institution, had bought 12m shares, boosting its stake to 18.8 per cent.

Hotel group Forte fell back following an overall poor reception to the group's figures on Thursday. The shares closed 8 off at 234p on 5.3m traded.

Stadium owner Wembley reported heavy losses, although anticipation of these saw the shares rise 1¼ to 12p.

Interest rate sentiment also boosted several of the larger stores stocks. Boots advanced 7 to 546p, Sears 4 to 126½p, Kingfisher 9 to 606p and Marks and Spencer 4½ to 426½p.

Brewing and retail group Whitbread was lifted by a recommendation from Lehman Brothers, the shares advancing 7 to 555p.

News that new car demand in western Europe has began to show some recovery boosted stocks in the motors sector. Shares in GKN recently supported by broker's recommendations jumped another 15 to 594p, while BBA advanced 5½ to 226p. Lucas Industries moved 7 ahead to 211p as turnover rose to 5.9m; and T&N raced 11 ahead to 251p with Hoare Govett also reported to have recommended the shares. Inchcape jumped 25 to 563p after a Robert Fleming recommendation.

British Steel ended a buoyant week by closing at a five-year high as a clutch of brokers' recommendations continued to encourage active buying. The shares firmed 2¾ to 155½p, as turnover soared to 14m.

CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises		
Avesco	105	+ 7
Cupid	21	+ 6
Enterprise Oil	457	+ 22
Forward Tech	35½	+ 3
Harrington Kilbride	169	+ 14
Hewitt	177	+ 7
Hogg Group	221	+ 11
Inchcape	563	+ 25
LASMO	132	+ 8
Lonrho	149½	+ 6
NFC Var Vtg	242	+ 15
Northern Elect	682	+ 29
Pentland	93	+ 5
Phonelink	395	+ 43
Quicks	185	+ 10
Severfield-Reeve	63	+ 5
Shorco	114	+ 6
T & N	251	+ 11
Vega	233	+ 18
Falls		
Forte	234	- 8
RTZ	863	- 12
Rodime	15	- 16½
Virtuality	277	- 7

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AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	161.0	162.8	171.1	+4.18	0.00
AIB Grofund Equity	5	236.9	238.8	253.7	+4.20	1.42
AIB Grofund Euro.	5	201.2	202.9	213.8	-0.39	0.00
AIB Grofund Ext Balanced	3	114.0	115.3	119.5	-0.10	1.40
AIB Grofund Gilt	3	76.56	76.38	78.95	-0.13	4.58
AIB Grofund Japan	5	190.9	192.8	202.9	+3.00	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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Thornton Unit Managers Ltd (1200)F
33 Queen Street, London EC4R 1AX 071-246 3000
Dealing 071-246 3001

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Smlr Cos	5	65.59	65.55	69.82	-0.28	0.00
(Accum Units)	5	67.81	67.81	[illegible]	[illegible]	0.00
Dresdner Europe Bd	5	42.21	42.21	72.11	+0.29	0.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Ser. 1	281.9	296.8		-
Equity Ser. 1	171.0	180.1	+0.6	-
Prop. Acc. Ser 2	514.H	541.0		-
Equity Ser 2	221.9	233.6	+0.7	-
Selective Acc. Ser 2	485.1	510.7	+1.8	-
Prop Ser 4	400.8	421.9		-
Equity Ser 4	313.0	324.3	+0.8	-
Man. Ser. 4	[illegible]	[illegible]	+1.1	-
Fixed Int. Ser. 4	347.8	[illegible]	+2.5	-
Indexed Inv Ser. 4	209.9	221.0	+1.4	0
American Ser. 4	497.9	524.2	+0.5	-
Japan Ser 4	388.5	409.0	+2.5	-
European Ser 4	169.1	178.1	+0.1	-
High Inc. Ser. 4	666.3	701.4	+1.1	-
Money Ser 4	[illegible]	[illegible]		0.0
Intl Ser 4	197.9	208.1	-0.2	-
Cautious Ser. 4	172.0	181.2	-0.3	0
Asian Pacific	210.8	221.9	+1.7	-
Ethical	137.5	144.8	+0.3	0
Protected Growth	109.7	115.5		-

Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Property	780.5	821.7		-
Equity	1687.5	1776.4	+4.7	-
Selective	551.3	580.4	+2.0	-
Managed	1432.0	1507.4	+1.2	-
Security	704.1	741.2		-
Fixed Int.	458.7	481.8	+2.2	-
Indexed	237.3	249.8	+1.7	-
American	393.9	414.7	+0.7	-
Japan	444.5	467.9	+3.5	-
European	264.2	278.2	+0.2	-
High Income	203.3	214.0	+0.4	0
Ethical	206.4	217.3	+0.8	0
International	379.9	399.9	-0.9	-
Protected Growth	123.8	130.4	-0.1	0
Asian Pacific	89.5	94.3	+0.6	-

OTHER UK UNIT TRUSTS

INSURANCES

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Save & Prosper Group - Contd.

Scottish Amicable

Standard Life Assurance Company

Sun Alliance Group

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Apr 15 / US$) (3 pm)

CANADA (Apr 15 / Can. $) (3 pm)

EUROPE

AUSTRIA (Apr 15 / Sch)

BELGIUM/LUXEMBOURG (Apr 15 / Frs.)

DENMARK (Apr 15 / Kr)

FINLAND (Apr 15 / Mkk)

FRANCE (Apr 15 / Frs.)

GERMANY (Apr 15 / Dm.)

ITALY (Apr 15 / Lire)

NETHERLANDS (Apr 15 / Fls.)

NORWAY (Apr 15 / Kroner)

SPAIN (Apr 15 / Pts.)

SWEDEN (Apr 15 / Kroner)

SWITZERLAND (Apr 15 / Frs.)

AFRICA

SOUTH AFRICA (Apr 15 / Rand)

PACIFIC

JAPAN (Apr 15 / Yen)

AUSTRALIA (Apr 15 / Aust$)

HONG KONG (Apr 15 / H.K.$)

MALAYSIA (Apr 15 / MYR)

SINGAPORE (Apr 15 / S$)

		+/-	High	Low	Yld	P/E
DBS	11.50	+.10	12.70	10.50	0.7	—
Fr&Nv	18.10	−.80	19.80	15	0.7	—
GdFlAs	2.74	+.04	3.46	2.48	3.1	—
HawPar	3.34	—	3.98	2.98	3.3	—
Inchcp	5.40	−.10	6.65	4.82	1.9	—
Keppel	10.40	−.40	12.50	9	1.2	—
OCBC	13.40	−.30	18.70	11	0.8	—
OUB	7.65	+.10	9.05	6.80	0.8	—
S AirF	11.30	−.20	14.10	10.40	2.0	—
SPress	14.40	−.20	15.80	13.10	2.1	—
S'poreT	3.40	−.02	3.86	3.14	—	—
Strait	3.58	+.06	4.36	3.16	2.5	—
TatLee	4.30	+.04	5.30	3.88	1.9	—
UOB	10.90	—	12.10	9	0.9	—

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1994. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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INDICES

	Apr 15	Apr 14	Apr 13	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	18796.14	18850.97	25470.40	16/2	17832.92	4/4
Australia							
All Ordinaries(1/1/80)	2080.6	2095.0	2111.2	2340.60	3/2	2050.60	5/4
All Mining(1/1/80)	991.5	1001.1	1007.1	1138.10	3/2	988.70	4/3
Austria							
Credit Aktien(30/12/84)	432.50	431.55	433.19	499.66	3/2	429.00	5/4
Traded Index(2/1/91)	1133.08	1129.94	1132.68	1222.25	1/2	1113.57	5/4
Belgium							
BEL20 (1/1/91)	1485.20	1483.56	1488.87†	1542.65	9/2	1482.76	30/3
Brazil							
Bovespa (29/12/83)	(u)	15062.0	15527.0	16596.00	11/4	3800.90	3/1
Canada							
Metals Minls♦(1975)	(u)	3470.02	3476.43	3878.59	18/3	3470.02	14/4
Composite♦ (1975)	(u)	4254.85	4248.80	4609.98	23/3	4230.10	4/4
Portfolio§§ (4/1/83)	(u)	1985.32	1964.73	2182.89	1/2	1984.73	13/4
Chile							
IPGA Gen (31/12/80)	(u)	4044.7	4046.3	4887.80	4/2	3991.20	4/4
Denmark							
CopenhagenSE(3/1/83)	375.90	378.09	381.68	415.78	2/2	370.74	3/1
Finland							
HEX General(28/12/90)	1835.4	1842.6	1849.5	1972.00	4/2	1601.19	3/1
France							
SBF 250 (31/12/90)	1450.29	1443.38	1450.32	1585.20	2/2	1418.37	30/3
CAC 40(31/12/87)	2159.59	2139.05	2152.36	2355.93	2/2	2081.94	31/3
Germany							
FAZ Aktien(31/12/58)	837.14	837.17	836.66	855.67	4/1	776.33	2/3
Commerzbank(1/12/53)	2393.2	2391.3	2390.2	2459.00	4/1	2221.20	2/3
DAX (30/12/87)‡	2200.42	2198.71	2208.19	2287.98	3/1	2028.33	2/3
Greece							
Athens SE(31/12/80)	974.18	960.48	962.82	1194.58	18/1	954.39	12/4
Hong Kong							
Hang Seng(31/7/64)	9536.06	9600.63	9753.76	12201.09	4/1	8887.03	21/3
India							
BSE Sens.(1979)	3835.1	(c)	3944.5	4287.98	28/2	3454.00	5/1
Indonesia							
Jakarta Comp.(10/8/82)	472.65	467.38	462.37	612.89	5/1	458.91	11/4
Ireland							
ISEQ Overall(4/1/88)	1852.04	1848.48	1850.47	2082.16	20/1	1801.05	5/4
Italy							
Banca Comm Ital (1972)	787.12	788.76	788.76	800.50	12/4	586.85	10/1
MIB General (4/1/94)	1291.0	1266.0†	1271.0	1291.00	13/4	944.00	10/1
Japan							
Nikkei 225 (16/5/49)	20164.63	19987.20	20080.41	20677.77	18/3	17369.74	4/1
Nikkei 300 (1/10/82)	299.43	297.39	296.35	304.25	1/3	268.22	4/1
Topix (4/1/68)	1635.12	1623.48	1618.89	1653.27	16/3	1445.97	4/1
2nd Section (4/1/68)	2270.64	2251.58	2238.40	2270.64	15/4	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1033.86	1021.30	1029.45	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	(u)	2206.51	2199.90	2881.17	8/2	2199.90	13/4
Netherland							
CBS TtlRtnGen(End 83)	442.6	439.0	438.9	454.80	31/1	417.40	5/4
CBS All Shr (End 83)	286.6	284.3	284.3	294.80	31/1	268.00	31/3
New Zealand							
Cap. 40 (1/7/86)	2125.14	2123.55	2145.49	2439.64	3/2	2049.17	5/4
Norway							
Oslo SE(Ind)(2/1/83)	1133.18	1136.29	1149.12	1211.10	28/2	1072.67	3/1
Philippines							
Manila Comp (2/1/85)	2789.42	2759.50	2695.71	3308.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	3119.5	3111.3	3101.7	3226.60	18/2	2819.90	3/1
Singapore							
SES All-S'pore(2/4/75)	569.92	580.04	559.32	641.61	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	1941.0♥	1954.0	1986.0	2331.00	4/1	1749.00	14/2
JSE Indl. (28/9/78)	5732.0♥	5708.0	5751.0	6140.00	18/3	5446.00	19/1
South Korea							
KoreaCmpEx(4/1/80)**	889.48	883.52	882.33	974.26	2/2	856.37	2/4
Spain							
Madrid SE (30/12/85)	318.86	321.64	325.29	368.31	31/1	310.18	4/4
Sweden							
AffarsvarldnGen (1/2/37)	1464.8	1472.7	1497.8	1603.90	31/1	1403.80	31/3
Switzerland							
Swiss Bk Ind (31/12/58)	1352.85	1343.10	1352.94	1423.34	31/1	1280.64	2/3
SBC General (1/4/87)	1004.12	998.07	1005.48	1083.29	31/1	973.35	2/3
Taiwan							
WeightedPr.(30/6/66)**	5592.90	5461.99	5453.14	6454.52	8/1	5194.63	19/3
Thailand							
Bangkok SET (30/4/75)	1382.16	(c)	(c)	1753.73	4/1	1198.59	4/4
Turkey							
Istanbul Cmp.(Jan 1986)	22591.0	22104.3	20759.4	28883.60	13/1	12980.70	24/3
WORLD							
MS Capital Int (1/1/70)$	610.1*	606.2	609.1	641.90	1/2	581.69	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1471.48	1467.07	1476.04	1540.19	31/1	1383.60	2/3
Euro Top-100 (26/6/90)	1265.38	1259.38	1265.44	1311.01	2/2	1282.49	2/3
JCapelDrgns (31/12/88)	(u)	317.39	320.39	365.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	(u)	151.23	153.77	182.72	14/2	147.35	5/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	2155.0	2166.0	+23.5	2185.0	2138.0	16,679	26,247
May	2151.5	2165.5	+22.5	2165.0	2138.5	2,587	9,683
Jun	2134.0	248.55	+23.0	2143.0	2122.0	1,282	23,853

Open interest figures for previous day.

US INDICES

Dow Jones	Apr 14	Apr 13	Apr 12	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3663.25	3661.47	3681.69	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	99.27	99.37	99.39	105.61 (21/1)	99.27 (14/4)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1608.70	1618.41	1620.18	1862.29 (2/2)	1606.94 (4/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	194.04	193.78	193.18	227.06 (3/1)	192.99 (4/4)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3693.59 (3704.30) Low 3625.77 (3651.47) (Theoretical♣)
Day's high 3674.55 (3685.56) Low 3641.24 (3631.42) (Actual♣)

Standard and Poors	Apr 14	Apr 13	Apr 12	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	446.88	446.26	447.57	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	518.95	519.51	521.43	560.58 (2/2)	513.34 (4/4)	560.59 (2/2/94)	3.62 (21/6/32)
Financial	43.98	43.71	43.95	48.58 (31/1)	41.39 (4/4)	48.40 (20/9/93)	8.64 (1/10/74)
NYSE Comp.	247.56	247.46	248.35	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	437.32	437.95	438.89	487.89 (2/2)	434.13 (4/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	727.31	727.38	739.22	803.93 (18/3)	727.31 (14/4)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Apr 8	Mar 31	Mar 25	Year ago
Dow Jones Ind. Div. Yield	2.78	2.81	2.70	3.02
	Apr 13	Apr 6	Mar 30	Year ago
S & P Ind. Div. yield	2.51	2.48	2.51	2.49
S & P Ind. P/E ratio	23.67	23.87	23.55	26.13

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	446.00	445.20	-0.75	446.20	444.60	76,325	186,398
Sep	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Natl Medical	7,868,500	16⅞	+1¼
Airtouch	5,088,000	23⅞	+⅛
Telefonos	3,326,200	58⅝	-¼
Motorola	3,031,200	91½	-4
RJR Nabisco	2,879,500	5⅝	-⅛
Merck	2,876,500	29⅛	-¼
Ford Motor	2,791,800	58⅜	+1⅛
Philip Morris	2,782,400	49¾	+1⅛
IBM	2,628,000	53⅞	+1½
Occidental	2,558,500	18	+¾

■ TRADING ACTIVITY

● Volume (million)	Apr 14	Apr 13	Apr 12
New York SE	272.172	278.033	248.032
Amex	14.865	14.818	16.569
NASDAQ	313.095	343.358	290.764
NYSE			
Issues Traded	2,786	2,792	2,771
Rises	926	681	873
Falls	1,217	1,513	1,246
Unchanged	643	598	652
New Highs	13	13	28
New Lows	134	122	97

** Sat Apr 9 . Taiwan Weighted Price 5565.84; Korea Comp Ex 883.42. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 26 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto (c) Closed (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 15 - 2211.92 +13.68

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

US equities digest conflicting data

Wall Street

With bonds holding steady amid conflicting economic signals, blue chips showed modest improvement in quiet trading, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 5.35 better at 3,668.60, while the more broadly based Standard & Poor's 500 added 0.46 to 446.84. The American SE composite wasdown 0.11 at 437.21, and the Nasdaq composite up 0.28 at 727.59.

The Federal Reserve's eagerly awaited data on capacity utilisation proved to be an anti-climax, and that was good news for stocks. The country's factories, mines and utilities operated at 83.6 per cent of capacity last month. The slight gain was a little less than economists had forecast.

It was a signal to the bond market that its worst fears about growing inflationary pressures in the economy were unsupported by the evidence. The news undercut speculation this week that the Federal Reserve was about to lift interest rates again.

But the prevailing bearishness of the fixed-income markets, and a University of Michigan survey showing improved consumer sentiment this month, mitigated any impulse to bid up bond prices. Treasuries held close to their opening values.

The Dow industrials quickly added 15 points, then fell back to five better, holding that level for the rest of the morning. The ride was likely to grow more bumpy, however. Yesterday was a "double-witching" session, in which options on individual issues and stock indices were due to expire. Such sessions often generate heavy volume and extreme volatility, especially in the final hour of trading.

Chevron enjoyed a second straight session of strength, climbing $1⅝ to $90 on Thursday's upgrading by Salamon Brothers. Philip Morris gained $1⅛ to $50⅞ on news that it was considering a proposal to divide its tobacco and food operations into separate entities. United Technologies added $1⅛ to $66¼, with no apparent news driving the stock forward.

Digital Equipment, down $5⅞ or about 20 per cent at $23, was the most actively traded issue on the Big Board. The stock was battered after the company surprised investors by posting a net loss of $1.34 a share and announcing plans to slash 7,000 jobs.

Motorola shed a further $1⅞ to $89⅞ after disappointing results earlier in the week.

On the Nasdaq, Wellfleet Communications jumped $2½ to $67½. The computer-equipment supplier revealed that its third-quarter earnings doubled, and declared a two-for-one stock split.

Canada

Toronto stocks remained subdued at midday on weakness in precious metal and mining issues.

The TSE-300 composite index was off 5.00 at 4,249.90 in volume of 29.7m shares valued at C$315m.

The gold and silver sector fell 112.34 or 1.14 per cent, to 9,776.71. Comex gold remained weak at noon, down $1.40 to $378.90 an ounce.

Brazil

São Paulo was down 2.5 per cent at midmorning with investors subdued ahead of options settlement on Monday. The Bovespa index was off 385 at 14,677.

Turnover was Crz81.8b ($74m). Telebras lost 1.8 per cent to Crz38.70 in early trade.

EUROPE

Zurich up in delayed reaction to rate cut

Better news from the US helped bourses mount a gentle recovery, *writes Our Markets Staff.*

ZURICH picked up the pace as industrials took advantage of the strength of the dollar, and in a delayed reaction to Thursday's discount rate cut. The SMI index rose 29.2 to 2,872.9, little changed on the week. Analysts noted, however, that while the financial sector was firmer on the day, its lacklustre performance in the wake of the SNB's move on rates indicated that further market weakness could be in store next week.

Currency considerations helped Nestlé SFr15 higher to SFr1,249: the group reiterated its strategic interest in L'Oréal following the French cosmetics group's announcement on Thursday of a restructuring of its holdings.

Ciba registered rose SFr15 to SFr945 ahead of Monday's first quarter sales figures, and Roche certificates by SFr40 to SFr7,080 as analysts looked for a rise of at least 20-30 per cent in 1993 earnings on Tuesday.

Strong cyclicals featured Brown Boveri, up SFr30 to SFr1,287 on London buying. Oerlikon-Bührle rose SFr7 to SFr168 and Alusuisse added SFr11 to SFr656.

Against the trend, Sulzer lost SFr35 to SFr1,010 in further response to this week's profits forecast.

FRANKFURT kicked effectively in the post-bourse for the first time in days, the Ibis-indicated Dax climbing to 2,211.92 after a rise of just 1.71 to 2,200.42 on the official session which left it slightly down on the week.

Turnover rose from DM9.5bn to DM10.3bn. Dax constituents showed more of a pattern than in recent days, with the weakness of banks on the Jürgen Schneider property situation more than balanced by strength in automotive stocks.

Daimler, just DM2 higher at DM874.50 on the session, put on another DM5.50 in the afternoon and Volkswagen moved from a DM9.50 rise to DM519.50 to one of DM18, at DM528. VW had been strong against the market over the last month, quarter and 12-month period, but Goldman Sachs said it had further to go, projecting a prospective p/e of just over 7 on 1997 earnings.

PARIS closed at the day's high as the market was lifted by late futures activity. The CAC-40 index put on 20.54 or 1 per cent to 2,159.59, for a week's rise of 2 per cent.

Schneider was heavily sought, rising FFr23.409 or 5.4 per cent to FFr452.90, following the release of better than expected 1993 results.

Saint-Louis added FFr28 to FFr1,775 on news that it was to merge its prepared food business with BSN, up FFr8 to FFr850.

AMSTERDAM *was particularly active* as options expired during the afternoon, with the AEX index reaching a session high of 428.42 before slipping back to close up 1.43 at 425.12.

The index recorded a 2.3 per cent gain on the week.

Royal Dutch, up Fl 4.30 on the day, and 3.3 per cent on the week at Fl 207.50, was the most active issue as oil prices and stocks firmed in London on bullish expectations.

Nedlloyd, due to release figures next week, added Fl 1.10 to Fl 74.90. Goldman Sachs noted yesterday that the shipping and distribution group had been one of the market's best performing stocks recently. Most of this outperformance, Goldman added, occured in the second half of 1993 following better-than-expected results and forecasts of a profit in 1994, which the investment bank estimated at Fl 127m.

MILAN *gave up some of an* early advance in a round of brief but heavy selling by domestic funds as the conservative alliance failed to have its nominees elected as parliamentary presidents, and Mr Silvio Berlusconi raised the spectre of fresh elections. The Comit index finished 13.20 or 1.7 per cent ahead at 800.32 for a 5.9 per cent rise on the week.

Trading was again heavy as more than 180 new shares and warrants joined the screen-based trading system, bringing an end to open outcry in Milan.

Blue chip industrial issues, which had led the market, saw their gains restrained. Fiat rose L42 to L6,569, after a high of L6,790, and Montedison edged L3 ahead to L1,507 after a peak of L1,558 in heavy volume of 53.9m shares.

The telecommunications issues were a bright spot: Sip rose L48 to L4,961, Italcable L67 to L11,539 and Cogefar L61 to L2,616. But profits were taken in the insurers after their recent surge: Alleanza fell L296 to L18,974, Fondiaria lost L230 to L13,935 and SAI gave up L491 to L21,693.

MADRID remained nervous about the appearance of Mr Mariano Rubio before congress, after hours yesterday, to answer questions about his personal financial dealings while he governed the Bank of Spain. The general index fell another 2.78 to 318.86, 2.1 per cent lower on the week.

FT-SE Actuaries Share Indices

Apr 15 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1473.53	1473.79	1473.31	1472.37	1469.74	1468.86	1472.52	1471.48
FT-SE Eurotrack 200	1487.92	1490.40	1490.45	1489.46	1487.85	1486.70	1491.25	1489.43

THE EUROPEAN SERIES

	Apr 14	Apr 13	Apr 12	Apr 11	Apr 8
FT-SE Eurotrack 100	1487.07	1476.04	1486.27	1479.07	1461.08
FT-SE Eurotrack 200	1482.61	1492.35	1500.59	1489.72	1477.01

Base 1000 (26/10/90). Highday: 100 - 1474.15; 200 - 1492.53 Lowday: 100 - 1468.53 200 - 1485.78

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Non-gold shares registered mild gains late in the session, but activity was said to be muted ahead of the weekend. The overall index rose 14 to 4,969, industrials put on 26 to 5,732 while the gold index eased 13 to 1,941.

De Beers improved R2.50 to R109, Anglos R4.50 to R211 and SAB R1.50 to R82.50.

Japan hopes to build on first quarter rally

Emiko Terazono finds equity investors are cautious

Japanese shares have shown surprising resilience against the recent turmoil in global stock markets, the yen's volatility and domestic political instability.

Share prices were supported by capital flows as overseas investors shifted their funds from south-east Asian markets to Japan. The Nikkei index rose 9.7 per cent during the first quarter and outperformed the rest of the Pacific Rim by 45 per cent.

The lack of downside risk compared to other Asian markets and hopes of an economic recovery led by a rise in consumption later on in the year prompted buying by overseas investors. During the first two months of this year, overseas investors bought a total of Y2,250bn in Japanese stocks, countering heavy selling by domestic corporations which were selling their holdings to supplement slack profits.

The question is whether the strength will carry on through the second quarter. Investors had initially hoped that domestic institutions would start allocating cash into the stock market in the business year following allocation meetings which started at the end of last month.

However, with bond yields still around 4 per cent, views among analysts are currently mixed as Japanese institutions may choose to invest in the bond market instead of stocks.

"Market conditions are likely to remain stodgy," says Mr Peter Tasker, strategist at Kleinwort Benson in Tokyo. Although the expected weakness is unlikely to reward aggressive selling, he says, falling bond yields and the weakening yen, which supported stocks at the start of the year, will have less of an impact.

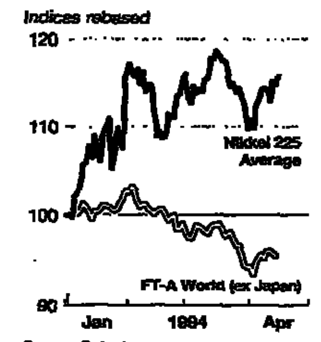
Earlier this week Japan's leading life assurers, large lot investors in Japanese stocks, warned that they would remain cautious towards equities. Mr Toshiomi Uragami, chairman of the Life Insurance Association of Japan, says that life companies find stock investments difficult to justify due to the low dividends, and that they will boost investment in the domestic bond market.

NatWest Securities in London is more optimistic, believing that Japan is the place to be this year because of the strong likelihood of a recovery in the economy and corporate earnings.

Mr Jason James, strategist at James Capel in Tokyo, is "neutral" about the market. Although he feels that stocks are looking over-expensive compared to bonds, the expected earnings recovery is beginning to become evident and will support share prices.

Japan

Indices rebased



Source: Datastream

Considering the sharp falls in corporate earnings over past few years, the recovery is likely to be huge. According to James Capel, the machinery sector is earning less than 1 per cent of its peak profits, the car sector less than 3 per cent and electricals less than 18 per cent. Even if the figures do not recover the peak levels of the 1980s, an earnings rebound will signal a jump of four to five times over the next few years.

NatWest estimates the earnings rebound to be around 20 per cent for the year ending next March. Although the price to earnings ratio of around 100 looks expensive on the basis of such figures, it says, looking beyond 1995 the figure does not seem too high.

For investors looking to place funds in the stock market, the over-the-counter stock market with its small growth stocks may offer favourable prospects.

The immediate economic outlook on the other hand remains mixed, although some "green shoots" indicate that the economy has hit the bottom of its current cycle.

How much longer will the economy crawl along the bottom? So far the economy has been helped by a rise in consumption, led by an active housing market as real estate companies have started to put cheap condominiums on to the market at a time of low housing loan interest rates. House-buying has surged, while sundries and durable good sales connected to the housing market have also risen. The current deflation is also encouraging consumption, at least by volume if not by value.

Whether such activity can be sustained as more companies are forced to cut labour costs remains to be seen. Although companies will not move to lay off their labour forces, a jump in consumer spending large enough to pull the whole economy out of its doldrums is unlikely. Kleinwort Benson projects real consumption settling down into an annual growth of around 1 per cent.

Mr Geoffrey Barker, economist at Baring Securities in Tokyo, says that the volatility of the yen could prompt policy moves which would boost the economy. He forecasts that currency speculators are likely to step up activity ahead of the Group of Seven talks in Naples and next month's corporate earnings results. "If the yen moves below Y100 it is likely to prompt a policy response, including a cut in the official discount rate and another supplementary budget," he says.

If economic figures released over the next few months confirm that conditions are steadily improving, Mr Barker says that the Nikkei could break the 21,000 level.

But caution still prevails, and Mr Mikio Fujii of Nomura Securities says that technical resistance remains heavy around the 21,000 level on the Nikkei 225. "We would need very large volumes to break through," he adds.

ASIA PACIFIC

Bangkok reopens with a rise of 3.5%

Tokyo

Political worries were brushed aside as the yen retreated against the dollar, and the Nikkei rose on buying by foreign investors and investment trust funds, *writes Emiko Terazono in Tokyo.*

The index gained 177.43 to 20,164.63 after a low of 20,050.21 and a high of 20,282.16, recording a week's improvement of 1.1 per cent.

Traders said that a government was likely to be formed next week, and economic policies would not differ drastically no matter who was chosen as prime minister.

The fluctuation of the yen around the Y104 level encouraged investors, the currency closing down Y0.95 at Y103.95.

Volume was 425m shares against Thursday's 367m. The Topix index of all first section stocks rose 11.64 to 1,635.12, while the Nikkei 300 gained 2.04 to 299.43. Gainers led losers by 753 to 269, with 146 issues unchanged.

In London, the ISE/Nikkei 50 index rose 5.11 to 1341.56.

Export driven manufacturers were higher on the yen's easing: Hitachi rose Y4 to Y978, Fujitsu advanced Y10 to Y1,040 and NEC gained Y20 to Y1,150.

Steels and shipbuilders were also firm, with Kawasaki Steel up Y5 to Y375 and Mitsubishi Heavy Industries gaining Y4 to Y680.

Hopes of higher domestic and overseas sales supported car makers. Isuzu Motors, the day's most active issue, rose Y14 to Y502 and Nissan Motor gained Y12 to Y896.

Profit-taking depressed Matsushita Electric Industrial, which fell Y30 to Y1,720 and Sony, down Y30 to Y5,950.

In Osaka, the OSE average rose 183.80 to 22,475.20 in volume of 22.2m shares.

Roundup

The region offered a mixed performance, with less exciting moves in the bigger markets.

BANGKOK reopened after a three-day holiday, domestic mutual funds and long-term investors bought big companies and the SET index rose 43.72 or 3.5 per cent to 1,278.98, 4.5 per cent higher on the week.

Turnover was Bt6.3bn compared with Bt2.1bn on Monday.

The communications sector, one of the most active in the market, soared by 8.6 per cent.

Communications issues, led by TelecomAsia, led the active list, rising by Bt9 to Bt103.

TAIWAN rose 2.4 per cent on the day in active trade, but only 1.2 per cent on the week as the weighted index closed 130.91 higher at 5,592.90.

Turnover climbed from T$32.7bn to T$60.9bn. The rebound was led by textiles and financials, the former after good news for cotton prices.

MANILA chalked up a third successive gain although profit-taking pared early gains encouraged by the telephone stock, PLDT's rise in New York.

The composite index finished 9.92 higher at 2,769.42, up 4.9 per cent on the week.

JAKARTA, too, saw some profit-taking, but the JKSE index ended 5.37 higher at 472.65, up 2 per cent on the week.

KUALA LUMPUR was lifted by late buying on speculation that the government would soon announce general elections, the KLSE composite index rising 12.36 to 1,033.66, 7.5 per cent higher on the week.

Idris Hydraulic was one of the most active stocks, rising 25 cents to M$5.35.

SINGAPORE majored in Malaysian stocks traded over the counter, which rose as speculators returned, but the broad market was subdued and the Straits Times Industrial index fell 25.19 to 2,212.18, still 5.3 per cent higher on the week.

HONG KONG was slow, turnover edging up slightly from HK$3.32bn to HK$3.55bn as the Hang Seng index receded 64.57 to 9,536.06, 2.6 per cent higher on the week. Losses were concentrated in the property sector where the sub-index fell 286.21, or 1.6 per cent to 17,368.32.

BOMBAY *saw profit-taking* after the withdrawal of mutual funds from the market, and the BSE index closed 49.35 lower at 3,895.18, a fraction higher on the week. **AUSTRALIA** drifted lower with the market pressured by bonds. The All Ordinaries index shed 14.4 to 2,080.6 in turnover of A$333.54m, little changed on the week.

In the gold sector Placer Pacific fell 6 cents to A$2.95 and Poseidon Gold dipped 7 cents to A$3.38.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY APRIL 14 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY APRIL 13 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (69)	171.53	-0.8	172.17	112.85	152.38	157.71	-1.1	3.46	172.95	173.84	113.37	154.07	159.38	189.15	130.18	144.20
Austria (17)	178.98	-0.1	179.68	117.74	158.98	158.81	-0.3	0.96	179.11	180.02	117.40	159.56	159.30	195.41	139.63	145.27
Belgium (42)	164.66	0.1	165.27	108.33	146.27	142.79	-0.2	3.62	164.59	165.42	107.87	146.61	143.03	171.69	141.92	155.39
Canada (106)	129.03	0.3	129.52	84.89	114.63	128.90	0.6	2.61	128.66	129.32	84.39	114.61	128.15	146.31	121.46	122.42
Denmark (32)	249.36	-0.9	250.29	164.05	221.52	227.08	-1.1	1.05	251.70	252.99	164.58	224.22	229.62	275.79	207.58	213.62
Finland (22)	147.68	0.0	148.23	97.16	131.19	170.62	-0.2	0.86	147.72	148.47	96.82	131.59	170.95	158.72	94.12	95.59
France (98)	170.58	-0.3	171.20	112.21	151.52	158.34	-0.9	2.89	171.07	171.94	112.13	152.89	157.24	185.37	149.60	167.12
Germany (58)	137.51	-0.2	138.03	90.47	122.16	122.16	-0.5	1.87	137.82	138.53	90.34	122.78	122.78	142.38	107.59	116.16
Hong Kong (55)	395.78	-1.9	397.27	260.39	351.61	392.61	-1.9	2.70	403.32	405.39	264.37	359.30	400.10	508.56	265.67	270.96
Ireland (14)	187.24	0.2	187.95	123.19	166.34	184.29	0.2	3.27	186.88	187.84	122.49	166.48	183.86	209.33	155.93	170.39
Italy (60)	92.26	1.6	92.60	60.70	81.96	112.44	1.7	1.54	90.77	91.23	59.49	80.86	110.56	93.43	57.86	62.85
Japan (468)	156.08	-0.1	156.67	102.69	138.66	102.69	0.3	0.79	156.20	157.00	102.38	139.15	102.38	195.91	124.54	139.38
Malaysia (98)	467.44	-0.6	469.19	307.53	415.26	483.50	-0.9	1.22	470.04	472.45	308.10	418.73	487.87	621.63	297.87	298.84
Mexico (18)	1885.91	-2.1	1892.97	1240.74	1675.36	6936.62	-2.1	0.73	1926.74	1936.57	1262.92	1716.39	7083.43	2647.06	1431.17	1654.22
Netherland (26)	201.31	0.2	202.07	132.44	178.84	176.25	0.0	3.19	200.95	201.98	131.72	179.02	176.33	207.43	163.30	171.94
New Zealand (14)	65.20	-0.6	65.45	42.90	57.93	81.02	-1.2	3.82	65.74	66.08	43.09	58.57	81.74	77.58	46.43	47.36
Norway (23)	193.24	-1.1	193.97	127.14	171.67	194.46	-1.2	1.71	195.39	196.38	128.07	174.05	196.92	206.42	150.61	156.44
Singapore (44)	334.80	0.2	336.06	220.27	297.43	240.95	0.1	1.62	334.09	335.80	218.99	297.62	240.71	378.92	229.27	229.27
South Africa (60)	214.84	-0.5	215.64	141.34	190.85	251.93	-1.2	2.44	215.96	217.09	141.57	192.40	254.92	280.26	161.99	161.99
Spain (42)	138.89	-1.2	139.41	91.38	123.38	146.15	-1.2	4.05	140.64	141.35	92.18	125.29	147.93	165.79	116.33	131.35
Sweden (36)	213.06	-1.9	213.86	140.17	189.28	249.78	-1.9	1.57	217.12	218.23	142.32	193.42	254.72	290.02	163.37	166.19
Switzerland (49)	160.85	-1.0	161.45	105.82	142.89	143.84	-1.0	1.62	162.49	163.32	106.51	144.75	145.28	176.58	118.09	119.80
United Kingdom (205)	190.17	-0.3	190.88	125.12	168.94	190.88	-0.4	3.87	190.68	191.66	124.99	169.87	191.66	214.96	170.32	178.24
USA (520)	181.70	0.0	182.38	119.54	161.41	181.70	0.0	2.82	181.66	182.59	119.07	161.83	181.66	196.04	176.91	183.28
EUROPE (724)	167.24	-0.3	167.87	110.03	148.57	160.63	-0.4	2.88	167.71	168.56	109.93	149.40	161.31	178.56	141.66	147.07
Nordic (113)	204.85	-1.3	205.61	134.77	181.98	209.73	-1.4	1.36	207.53	208.59	136.10	184.86	212.82	220.50	155.56	157.86
Pacific Basin (750)	164.90	-0.2	165.52	108.49	146.50	113.02	0.1	1.06	165.29	166.13	108.34	147.24	112.96	199.80	134.79	143.31
Euro-Pacific (1474)	165.73	-0.2	166.35	109.03	147.22	131.71	-0.1	1.82	166.14	166.99	108.90	148.00	131.90	170.78	141.98	144.73
North America (626)	178.43	0.0	179.08	117.39	158.51	176.04	0.1	2.90	178.37	179.28	116.91	158.89	177.96	192.73	173.70	179.47
Europe Ex. UK (519)	151.06	-0.3	151.62	99.38	134.19	141.67	-0.4	2.28	151.48	152.25	99.29	134.94	142.29	155.73	122.37	127.64
Pacific Ex. Japan (281)	251.03	-1.1	251.97	165.15	223.01	229.78	-1.2	2.56	253.79	255.06	166.35	226.06	231.65	296.21	180.62	181.99
World Ex. US (1658)	166.12	-0.3	166.75	109.29	147.58	134.61	-0.2	1.84	166.56	167.41	109.18	148.38	134.84	172.51	142.84	145.09
World Ex. UK (1973)	168.37	-0.1	169.00	110.77	149.57	145.43	-0.1	2.04	168.63	169.49	110.53	150.22	145.53	175.58	152.41	154.82
World Ex. So. Af. (2118)	170.10	-0.2	170.73	111.91	151.10	148.68	-0.1	2.22	170.37	171.24	111.67	151.77	148.81	178.56	154.85	156.98
World Ex. Japan (1708)	179.91	-0.2	180.58	118.36	159.82	176.56	-0.3	2.84	180.27	181.19	118.16	160.59	177.03	185.20	165.70	167.91
The World Index (2176)	170.30	-0.2	170.94	112.04	151.29	149.50	-0.1	2.22	170.58	171.45	111.81	151.96	149.64	178.97	154.85	156.88

Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	48	2	24	130	140	100
Other Fixed Interest	1	0	14	16	5	54
Mineral Extraction	98	39	65	333	309	368
General Manufacturers	210	76	386	914	570	1,876
Consumer Goods	67	26	113	255	189	516
Services	140	65	313	678	429	1,483
Utilities	30	11	5	80	98	42
Financials	129	39	210	598	401	935
Investment Trusts	182	11	269	804	213	1,343
Others	50	42	49	243	269	202
Totals	953	308	1,446	4,019	2,823	6,910

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

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FINANCIAL TIMES EQUITY INDICES

[illegible]

FT GOLD MINES INDEX

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23½	+¼	£25⅝	£22½	6,660	4.7	ф
ANZ A$		234¼	—	278¾	220½	3,088	3.9	16.4
Abbey National	N□	476xd	+2	523	463	6,245	3.7	16.0
Allied Irish IE	♣N□	254xd	—	314	241	1,673	5.0	9.8
Anglo Irish IE	N□	66	—	*70	56	182.7	7.7	10.2
Asahi Y		718¾	+8	768¼	628	16,677	0.7	–
Banco Bil Viz Pts		£15⅞	+⅛	£18¼	£14⅛	3,644	5.2	7.1
Banco Sant Pta		£31⅛	—	£34⅛	£29⅜	3,513	4.3	12.1
Bk Ireland IE	♣uz□	263	—	*319	246	1,239	4.7	19.4
Bank Scotland	♣†□	190	+2	247	183	2,211	3.1	25.8
9¼pc Pf		128¼	+¼	141½	126½	128.2	9.0	–
8¼pc Pf		135¼	+¼	148½	131½	135.2	8.0	–
Barclays	N□	529xd	+3	640	487	8,691	3.6	21.9
Dai Ichi Kan Y		£12⅜	+⅛	£12⅞	£10⅜	38,331	0.4	69.7
Deutsche DM		£309½	–¾	£344¼	£298¼	14,741	2.0	–
Espirito Santo		£20⅞	+⅛	£26⅛	£19⅛	223.2	3.8	5.0
First Nat Fin	N□	72	—	*90	60	119.3	2.6	–
6.3pc Cv Pf		83	—	*90	77	5.58	9.5	–
7pc Cv Pf		149	—	171	123	70.7	5.9	–
Fuji Bank Y		1518¼	+25¼	1515¾	1152½	43,881	0.4	–
HSBC HK	□	800½xd	–9½	1133	749	14,058	3.7	ф
HSBC (75p Shs)	□	781xd	–15	1113	733	8,897	3.8	ф
Lloyds	N□	646xd	–6	689	540	7,018	5.1	11.5
Mitsubishi Y		£18⅜	+⅛	£18⅞	£15⅝	53,551	0.3	–
Mits Tst & Bk Y		1031½	+20	1034¼	687½	13,434	0.5	16.6
Mitsui Tst & Bk Y		762¾	–4¾	811¼	514	9,140	0.7	28.0
Nat Aust A$		672¼	+¼	620¼	537¾	7,522	4.1	13.9
NatWest	N□	474xd	–3	622	448	7,882	4.9	10.8
Ottomane FFr		£30¼	—	£33	£27¼	161.2	4.8	7.3
Ryl Bk Scotland	♣N□	399	–3	528	394	3,172	3.5	18.0
Sakura Y		£8⅜	+⅛	£9⅛	£8⅛	29,883	0.6	55.9
Sanwa Y		£15⅛	+¼	£15⅛	£11⅝	43,776	0.4	–
Standard Chartd	♣N□	1102xd	+2	1437	1028	2,644	2.7	10.8
7 3/8pc Pf		95½	+½	108½	92¾	98.5	9.6	–
Sumitomo Y		£14⅝	+¼	£16⅛	£11½	43,912	0.4	31.5
Sumitomo Tst Y		985½	+3¼	1007½	625	12,257	0.6	77.2
TSB	N□	220	+1	291	210	3,369	4.4	15.0
Tokai Y		£8⅛	+⅛	£8⅛	£5⅞	16,823	0.6	55.4
Toyo Tst & Bk Y		741½	+29¼	770¼	566¼	6,828	0.7	66.2
Westpac A$		227	–2	280	207	3,979	2.4	ф
Yasuda Tst Bk Y	‡	589¼	+13	634¾	442	8,608	0.8	53.4

BREWERIES

	Notes	Price	+ or –	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	7	–¼	10¼	6	28.8	–	–
Bass	N□	564	+10	619	507	4,912	4.4	15.0
Boddington	qN□	280xd	—	298	257	314.9	3.9	13.2
Burtonwood		168	—	183	168	34.9	3.6	14.0
Eldridge Pope A	♣††	145	—	181	142	28.2	3.1	20.1
Fosters A$		58	–1¼	68	58	1,864	5.0	68.0
Fuller STA	♣†	430	—	483	423	87.3	2.2	18.0
Gibbs Mew	♣†	419	—	423	373	28.9	2.5	20.8
Greenalls	♣N□	449	+1	511	429	937.5	3.4	15.2
Greene King	†N□	489	–5	584	489	208.4	3.2	13.7
Grosvenor Inns	♣♣†g	137	—	*165	124	18.2	4.1	20.7
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BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

LEISURE & HOTELS - Cont.

OIL, INTEGRATED

PROPERTY - Cont.

SPIRITS, WINES & CIDERS

TRANSPORT - Cont.

WATER

SUPPORT SERVICES

OTHER FINANCIAL

AMERICANS

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

CANADIANS

TELECOMMUNICATIONS

TEXTILES & APPAREL

OTHER INVESTMENT TRUSTS

SOUTH AFRICANS

RETAILERS, FOOD

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PHARMACEUTICALS

MERCHANT BANKS

RETAILERS, GENERAL

PRINTING, PAPER & PACKAGING

OIL EXPLORATION & PRODUCTION

TOBACCO

TRANSPORT

LEISURE & HOTELS

PROPERTY

preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend: yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for

Z Dividend yield is data.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xl ex capital distribution.

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FINANCIAL TIMES

Weekend April 16/April 17 1994

Watanabe considers forming a breakaway party

Japanese coalition may split over premiership

By William Dawkins in Tokyo

The prospect of a sweeping realignment in Japanese politics grew dramatically yesterday after a third prime ministerial candidate emerged.

The Liberal Democratic party, which ruled the country for 38 years until it was ousted last summer, was threatened with a split when Mr Michio Watanabe, a party faction leader and former foreign minister, said he may a breakaway party.

If he does so, the dominant right wing of the fractious coalition which took office in August may back him for the premiership, a move which would be likely to bring the departure of the left from the current seven-party government.

Mr Watanabe's supporters said he was preparing to put himself forward as a prime ministerial candidate against the two other likely contestants, Mr Yohei Kono, LDP president, and Mr Tsutomu Hata, foreign minister.

"For me, the nation is more important than the LDP," said Mr Watanabe, after a two-hour meeting with Mr Kono in which the LDP leader failed to talk him into loyalty. One of Mr Watanabe's supporters said he would stay in the LDP only if the party nominated him for prime minister.

Separately, five LDP members of parliament under the leadership of Mr Michihiko Kano, a rising star of one of its two largest factions, yesterday left the party to form an independent party. Five more said they might follow.

Until yesterday, Mr Hata was the clear front-runner to succeed Mr Morihiro Hosokawa as prime minister in a parliamentary vote next week. Mr Hosokawa announced his resignation last week because of allegations of financial impropriety.

Mr Ichiro Ozawa, deputy leader of the Japan Renewal party, the core of the coalition's right wing, is open to partnership with Mr Watanabe and his supporters. If this did happen, up to 90 members of parliament on the coalition's left wing could leave in protest, so Mr Watanabe would have to bring with him enough LDP defectors to compensate.

According to Japanese press estimates yesterday, up to 30 LDP members had so far said they might follow Mr Watanabe, not nearly enough to guarantee a majority. The New Harbinger party, a 15-member group inside the current coalition, confirmed that it wanted no future cabinet posts but would co-operate with the alliance.

The coalition can make no progress in preparing a new government until Mr Watanabe clarifies his intentions, said officials.

Coalition leaders are due to meet tomorrow evening to discuss strategy.

Mr Hata yesterday appeared to be happy to work with Mr Watanabe. "We'd be able to form a stable government with the help of experienced people like him."

Some forecasters predicted a showdown among the three possible candidates by parliamentary vote late next week.

Old-style party baron makes grab for power, Page 2

Schneider gives up fight and files for bankruptcy

By David Waller in Frankfurt

The Jürgen Schneider group, the German property empire plunged into crisis last week after the disappearance of the company's founder and chief executive, gave up its fight for survival yesterday and declared itself insolvent.

The formal bankruptcy application for Jürgen Schneider AG, the company at the heart of the vanished entrepreneur's property interests, was lodged yesterday morning at the company's request in Königstein, the town near Frankfurt where Mr Schneider used to run his operations from a 19th-century castle.

The application, which will lead to a creditors' meeting scheduled for May 17, came the day after more than 40 banks owed more than DM5bn by the group convened for the first time to discuss the crisis. They decided that the group had no viable future and pledged to undertake an orderly liquidation of its property portfolio.

It emerged after the banks' meeting that unpaid debts to contractors and other trade creditors amounted to an estimated DM250m (£100m). That is significantly smaller than early estimates of several billion, but still threatens the existence of hundreds of small businesses and thousands of jobs throughout Germany.

The Economics Ministry in Bonn said that so far 50 companies in the construction sector, employing 1,000 people, had said they were affected.

The company's cash resources are limited to DM5m.

Simultaneously, the Treuhand privatisation agency for former east German state concerns said it would foreclose on debts of DM53m owed by Schneider.

Mr John Morgan, a property consultant advising three of the bank creditors on behalf of DTZ Zadelhoff, said all the banks involved may face a total loss of DM1.5bn. He added: "There is no clear picture as yet."

Bankers sought yesterday to justify the scale of their loans to Mr Schneider while politicians fought to limit the effects of the collapse on the small business sector, especially sensitive during an election year.

Mr Dieter Vogel, government spokesman, called on banks to help small companies overcome the crisis, but bankers insisted that they had no direct responsibility for small businesses' exposure to Schneider. Mr Hilmar Kopper, chief executive of Deutsche Bank, the biggest creditor with an exposure of more than DM1bn, said trade creditors had made good money from working for Schneider in the past and that Deutsche was not responsible for their plight.

Man in the News, Page 6
Commerzbank results, Page 9

THE LEX COLUMN

Selling gilts cheap

Even rose-tinted glasses are getting cheaper, according to yesterday's UK retail prices data. A drop in the price of spectacles helped produce March's 0.3 per cent rise. But little rose-tinting is needed to distill a positive message from the overall data. Upward pressure on prices remains generally muted and there are welcome signs of easing inflation in the services sector. Clear evidence of a weakening economy will be needed for a base rate cut, especially now the Treasury has published details of the chancellor's monthly discussions with the governor of the Bank. But the moment at which the UK will have to start worrying about a US-style upturn in rates appears to have been deferred.

That gave the gilts market heart ahead of the Bank's announcement that, after last month's floating rate issue, it was reverting to the conventional market for this month's auction. Still, its choice of a shortish maturity is an indication that conditions remain fragile. The Bank obviously also hopes that long rates will come down before it needs to tap that end of the maturity spectrum.

One approach might have been to make the auction stock convertible into longer-dated paper. Convertibles appeal when the market is uncertain which way yields are heading. But if the Bank believes they have risen too far this year, the risk is that it could be giving too much away with a convertible. Against that background, its decision to continue funding short makes sense. The risk remains, though, that its anxiety to pick the right moment will prevent it locking in 25 or 30-year money at attractive rates, even when the market recovers.

FT-SE Index: 3168.3 (+36.6)

UK gilts

Source: Datastream

Lloyd's

It has been a mixed week for long-suffering Lloyd's Names. The High Court accepted that members agents responsible for mis-selling risky investments should take responsibility for subsequent losses. While that ruling is welcome, it could be difficult for most Names to prove that they were similarly misled. Neither does the judgment have much impact on the larger body of legal actions, which claim negligence among managing agents and underwriters. For most Names, the chances of winning financial redress through the courts have changed little.

More worrying is the growing number of managing agents cancelling Names' participations in profitable syndicates. If it turns out that private investors are being eased out to make way for corporate investors, Names will lose the opportunity to cover past losses with future profits. It is too early to be sure what is happening. Managing agents are concerned about rule changes being considered by Lloyd's management. They say that giving notice to Names leaves them greater room for manoeuvre.

But until pre-emption rights are introduced, probably next year, Names have little protection. Even then, Names will have to fight for their rights to any future profits. The new rules may allow agents to turn their syndicates into, in effect, insurance companies at Lloyd's. But how the equity in such companies would be divided between the managing agent, which provides the expertise, and those who supply the capital remains an open question. The issue of ownership will be hotly contested in the coming months.

BSN

Mr Antoine Riboud, BSN's chairman, is renowned for sticking his fingers in every pie in the French food industry. The fusion of BSN's prepared food businesses with those of Saint Louis is another example of his deal-making skills. The merged company, to be managed by BSN, will emerge as a powerful competitor to Nestlé and Unilever in one of the most attractive growth areas in foods. Substantial cost savings should result from shaving a combined FFr5bn raw materials bill. Further economies of scale should come in product innovation and marketing. It may also help the rationalisation process at the Vivagel frozen foods business, which BSN snapped up in December after Unilever broke up Ortiz-Miko.

Saint Louis will be pleased to have solved a strategic dilemma. By itself, its food business has a relatively weak market position and is facing extreme competitive pressures. Saint Louis will retain a 34 per cent stake in the merged venture. But it would be no surprise if BSN emerged with full control once the stand-still agreement expires. By then, BSN should have got to grips with the assets and know exactly how much they are worth.

The chief snag for BSN is that the deal further increases its exposure to France just as it tries to tilt the business towards emerging markets. Nestlé and Unilever have both been active in developing countries for decades and have established strong local businesses. It will take immense management effort and financial resources for BSN to recapture lost ground.

Wembley

Wembley's financial performance has been an action-packed game of two halves. Competent midfield performances from assets like US greyhound racing and Wembley stadium itself were cruelly undermined by the early own-goal of taking on debt for expansion. The long slide into the relegation zone has seen most of the company's supporters drift away. Now Wembley has been rocked by asset write-downs of almost £100m, putting the company in breach of its borrowing powers and, presumably, leaving its chairman ashen-faced. Shareholders are being asked to approve changed powers by post, perhaps for fear of trouble on the terraces if an extraordinary general meeting were held.

Having disposed of sufficient assets to prevent the banks cutting the company's defence to ribbons before half-time, Wembley needs to use the interval to rethink tactics. It might be possible to stagger on with the traditional debt, preference, and ordinary share formation, but it offers little prospect of a sparkling earnings-filled second half. Nor would asking for more money from the few remaining fans be popular, given the management's poor record in the transfer market. A capital reconstruction with banks swapping debt for equity would allow everyone to benefit from future improved team performances. After the last few years, though, anyone still in there must be as sick as a parrot.

Howard moves to protect confidential information

By James Blitz

Mr Michael Howard, the home secretary, is to introduce legislation that will crack down on industrial espionage and private surveillance by making it an offence to gain information by deception.

The legislation, which could be introduced in the next session of parliament, seeks to tighten the law covering the release of confidential information such as bank account, credit card and salary details, to members of the public.

The new law would try to end a spate of recent events in which newspapers and some private investigators have tried to embarrass public figures by obtaining confidential details about them. In most cases, the information is revealed because the investigator pretends to be someone else when approaching banks or organisations.

A Home Office official said last night that Mr Howard was not planning to insert the legislation in the Criminal Justice Bill that is going through parliament, but would raise it later this year. "The aim is to make it clear that if you gain access to private information by deceiving someone, then you are guilty of an offence", the official said.

Under current law, it is an offence to offer someone money in return for confidential information on a third party.

However, officials felt more action was needed, bearing in mind how easy it can be to obtain personal financial details of a third party. Details of a bank statement, for example, can often be obtained over the telephone simply by citing the address of the account holder. Home Office officials said Mr Howard had recently been concerned by the activities of an investigations agency that tried to investigate Lord Ferrers, the Home Office minister. The agency was asked to conduct its inquiries by a Sunday newspaper.

Earlier this year, Baroness Nicoll, a Labour peer, raised concerns that several members of the House of Lords had received an offer to supply an agency with "details of personal telephone calls, of mortgage repayments, of bank balances and of arrears on electricity and other bills".

Last year, the Sun newspaper managed to obtain details of the credit card account of Mr Norman Lamont, the then chancellor of the exchequer. However, the way details were leaked has never been made clear.

Bosnia

Continued from Page 1

to negotiate some sort of a cease-fire."

The Serbs' offensive brought them closer to full control of eastern Bosnia, a long-standing war aim that has been frustrated by the existence of safe areas.

The Serbs are understood to have about 10,000 men in the Gorazde area and about 25 tanks, while Moslem forces are somewhat fewer in number and have no weapons heavier than mortars.

Reprieve on tax measure

Continued from Page 1

decade. It puts the cost of transitional relief at £45m.

The original Budget proposal to scrap the indexation of capital losses is understood to have been one of the main points raised with Mr Clarke by Conservative MPs serving on the finance bill committee.

Mr John Butterfill, Tory MP for Bournemouth West, said yesterday MPs were still concerned that removing indexation was a "blunt instrument". They hoped that a more sophisticated way of stopping tax avoidance could be found. He welcomed yesterday's measure but said some Conservative MPs had hoped for a higher indexation allowance.

Mr Brown said the amendment did not tackle the principle of whether to withdraw indexation of capital losses but "merely provides a small transitional relief". The government had clearly "lost confidence in their own measure". It was too early to say whether Labour would vote against the amendment, he said.

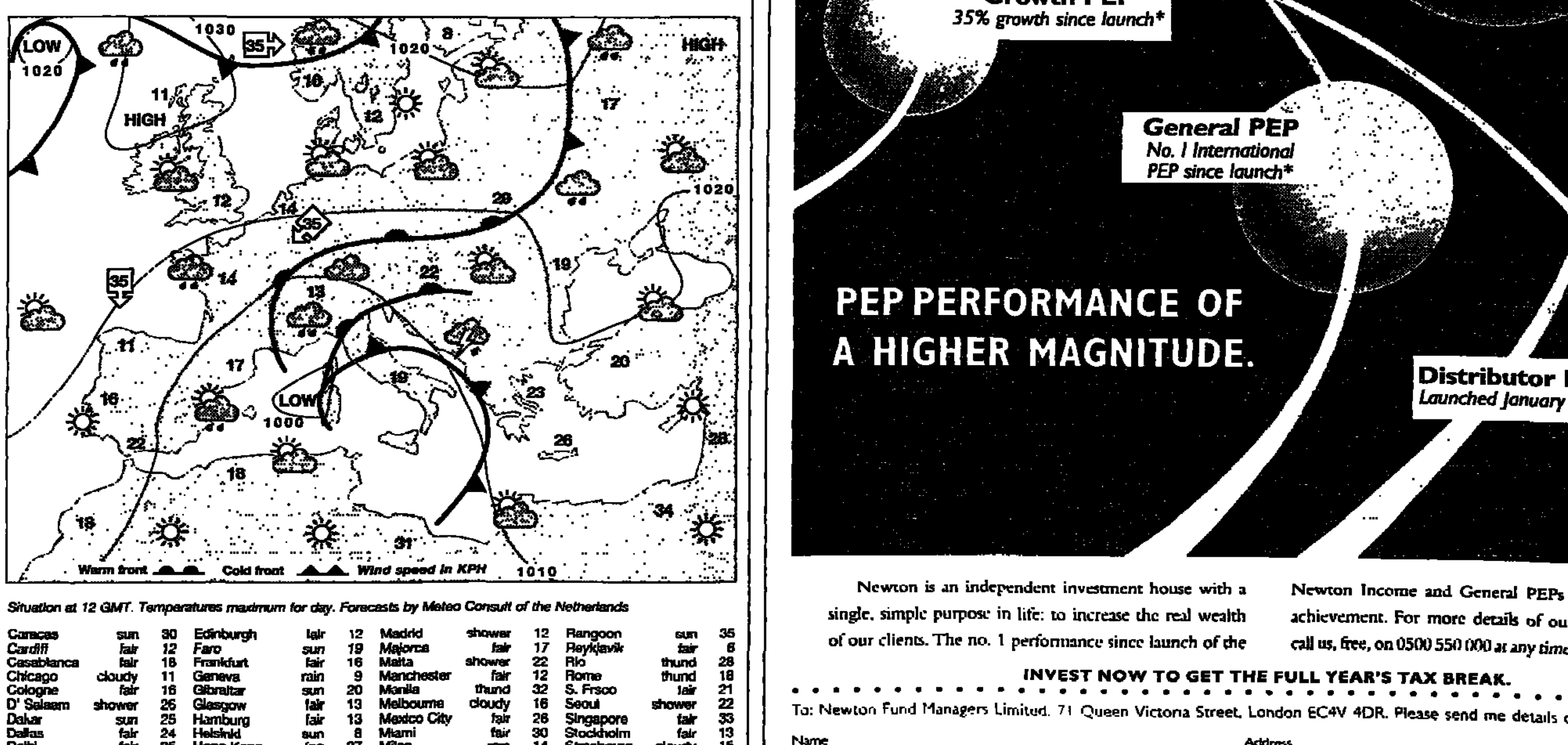
FT WEATHER GUIDE

Europe today

A strong low pressure system in southern Europe will move over Corsica towards central Italy today, bringing much rainfall to these areas, northern Italy and the Alps. There will be some rain over the French Riviera. Western France and parts of Spain will have cloud and rain showers. The low countries will be dry except for a few isolated showers. The British Isles will have some sunshine, although Wales and southern Ireland will have more prolonged sunny spells. There will be a mixture of cloud and sunshine over central Europe. Rain will increase over Russia. South-eastern Europe will have the highest temperatures, reaching 25C in the afternoon.

Five-day forecast

Low pressure will move from Italy over southern Germany on Sunday, continuing east. There is a moderate risk of flooding in south-eastern parts of Germany. Further west, France will stay unsettled with scattered showers, while the British Isles will have some showers in northern regions. The rest of western Europe will stay cool. South-eastern Europe will be warm and mainly sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	33
Accra	fair	31
Algiers	thund	18
Amsterdam	fair	13
Athens	cloudy	23
Atlanta	shower	21
B. Aires	fair	24
B.ham	fair	12
Bangkok	fair	35
Barcelona	fair	16
Beijing	fair	23
Belfast	cloudy	10
Belgrade	shower	24
Berlin	fair	15
Bermuda	fair	23
Bogota	shower	19
Bombay	fair	36
Brussels	fair	15
Budapest	cloudy	21
C.hagen	sun	12
Cairo	sun	34
Cape Town	fair	20
Caracas	sun	30
Cardiff	fair	12
Casablanca	fair	18
Chicago	cloudy	11
Cologne	fair	16
D' Salaam	shower	26
Dakar	sun	25
Dallas	fair	24
Delhi	fair	35
Dubai	sun	33
Dublin	sun	10
Dubrovnik	shower	22
Edinburgh	fair	12
Faro	sun	19
Frankfurt	fair	16
Geneva	rain	9
Gibraltar	sun	20
Glasgow	fair	13
Hamburg	fair	13
Helsinki	sun	8
Hong Kong	fog	27
Honolulu	fair	27
Istanbul	fair	20
Jersey	fair	10
Karachi	sun	36
Kuwait	sun	32
L. Angeles	fair	22
Las Palmas	sun	21
Lima	fair	26
Lisbon	fair	15
London	fair	13
Lux.bourg	fair	16
Lyon	rain	13
Madeira	fair	18
Madrid	shower	12
Majorca	fair	17
Malta	shower	22
Manchester	fair	12
Manila	thund	32
Melbourne	cloudy	16
Mexico City	fair	26
Miami	fair	30
Milan	rain	14
Montreal	shower	14
Moscow	rain	16
Munich	cloudy	16
Nairobi	thund	27
Naples	shower	19
Nassau	fair	29
New York	shower	16
Nice	rain	13
Nicosia	sun	31
Oslo	fair	13
Paris	fair	15
Perth	fair	23
Prague	fair	17
Rangoon	sun	35
Reykjavik	fair	6
Rio	thund	28
Rome	thund	18
S. Frsco	fair	21
Seoul	shower	22
Singapore	fair	33
Stockholm	fair	13
Strasbourg	cloudy	15
Sydney	fair	24
Tangier	shower	16
Tel Aviv	sun	29
Tokyo	fair	20
Toronto	fair	8
Vancouver	cloudy	15
Venice	rain	14
Vienna	cloudy	21
Warsaw	cloudy	17
Washington	thund	22
Wellington	fair	17
Winnipeg	sun	15
Zurich	rain	11

هكذا من الاهل

Weekend FT

SECTION II

Weekend April 16/April 17 1994

The rough etiquette of Russian deal-making

***Chrystia Freeland** flies east with the nouveau riche of international trade*

Gabi's perfect stewardess smile is wavering. With her upswept blonde hair, bright blue eyes and Teutonic determination to "offer the customers on our private jet the very, very best personal service" Gabi is obviously, under normal circumstances, an ideal airborne geisha.

But when I boarded the wood-panelled private jet on the tarmac in Vienna, together with half a dozen executives from Nordex, one of Russia's top 10 private companies, Gabi began to wilt. The gentlemen from Nordex, and one beautiful 25-year-old Moscow lady – whose duties, apart from having her silky hair stroked by the president of the company, were unclear – were on their way to Kiev to try to extract part of the $120m they are owed by the Ukrainian government. I was hoping to get an interview with the Ukrainian president.

I was delighted to get an intimate look at the workings of one of Russia's richest privately owned companies - and not unhappy about doing it over smoked salmon and Parma ham in one of the huge leather seats of this private jet – but for Gabi, our stewardess, the encounter with Russia's new capitalists was clearly less of a thrill.

First, our group of Russian executives, decked in the finest Armani suits but flashing gold teeth in their broad Slavic faces, stormed the aircraft and wrestled for possession of the nicest pieces of fruit in the pretty trays Gabi had carefully assembled. Then came the pillow fight. Then Gabi ran out of both Stolichnaya and Absolut. But the last straw was probably when Gabi was dragged into a bear-hug – and required to offer her immaculately made-up face for a birthday kiss – by Grigory Loutchansky, president of Nordex and capo of our group of Russian commodities traders.

"I enjoy working for our regular German customers. I know exactly what they want and I provide it. Or the Arabs, they are wonderful," Gabi said dreamily. "But," she concluded, as we circled Kiev, her German accent becoming more pronounced, "the Russians are a bit, well, difficult."

Difficult they certainly are but Gabi, and those like her who cater to the wealthy world of Saudi sheiks and German burghers, had better prepare for the ways of the newest of the world's nouveau riche. The men who run Nordex – a Russian company which was incorporated in Austria only in 1990 but last year already had an annual turnover of $2bn – exemplify this new class of Russian multi-millionaires. Nordex represents a side of Russia often over-looked in western analyses of the political instability and economic collapse in the vast territory once occupied by the former Soviet Union.

Where we see crisis, Loutchansky and his comrades see the Klondike of the late 20th century. They are confident that their muscular approach gives them the edge over more mild-mannered western rivals.

"We are a Russian company, run by Russians, and that bothers some of our competitors, who think Russians are only fit for subordinate positions in their companies," says Loutchansky, a swarthy, middle-aged man whom a charitable observer would describe as heavy-set. "But, because we are Russians, we understand how the former Soviet Union works and we can do business in circumstances which western businessmen are unable to cope with."

By manipulating his network of contacts throughout the former Soviet Union with an insider's deftness, Loutchansky – who only six years ago was an academic at Riga University – has profited from the vast natural resources of the former Soviet Union. The bulk of Nordex's 1993 $2bn sales revenue was accumulated by exporting oil and oil products, fertilisers, metals and chemicals to the west and trading these commodities within the former Soviet Union. As Loutchansky delicately puts it in Nordex's glossy PR pamphlet: "We made high margins on our trading activities due to the substantial differentials between domestic and world prices."

But, while the delightful possibility of buying subsidised Russian commodities cheap and selling them dear has not been lost on western companies, the pin-striped executives from New York, Frankfurt and London who initially flooded into Moscow and Kiev have had a hard time figuring out how to tap that potential. The economies of the successor states to the Soviet Union exist in an uneasy limbo between communism and capitalism in which western businessmen find it difficult to determine who owns what, who has the right to sign a contract, or who has the authority to grant an export licence.

An American metals trader I met at a cocktail party in Kiev last year expressed this bewilderment. He explained that he had paid a factory director, a cabinet minister and a customs official, $10,000 each in bribes, but was getting nowhere. Could I please advise him, he implored, whom he should bribe to get his metals out of Ukraine?

This is where Russian companies such as Nordex have the edge. I saw how Loutchansky's former Soviet Union works during the three days I spent with Nordex in Kiev. Last autumn, Nordex helped pull this nation of 53m people from the brink of economic disaster by buying $120m worth of oil from Russia and supplying it to Ukraine. The Russians – in no mood to do favours for their politically recalcitrant Ukrainian cousins, who already owed them R300bn for oil – had cut off the supply of fuel in September. But, when Loutchansky stepped in offering hard currency up-front, Moscow relented and turned the taps back on. The catch, for Nordex, was that the inept Ukrainian government had failed to fulfil its part of the bargain – supplying Nordex with enough sugar, wheat and metals to pay for the oil.

As we waited for our flight in Vienna, one of Loutchansky's employees, a New Yorker fresh from the tamer world of Wall Street, admitted he was pessimistic about the deal and, barely able to conceal his glee that he was not accompanying us to Kiev, he told me that he "hoped the war between Ukraine and Russia doesn't start till you leave." But Loutchansky was serenely confident that everything would work out. "I know the Ukrainians, I like them and I trust them," Loutchansky said as the jet's computer informed us we were passing over Prague. "They will pay me, I will make a profit and other businessmen will learn that it is possible to do deals with Ukraine."

When a grateful Gabi bid us farewell I discovered that, in Kiev, Loutchansky, a Jew born in Tbilisi who spent most of his adult life in Latvia, is treated with all of the ceremony normally accorded a visiting head of state. Not for our delegation the usual customs and passport formalities; instead, Ukrainian officials boarded our aircraft and apologised for the delay as they gave our documents a cursory check and whisked us into a waiting fleet of limousines.

Thirty minutes later we were installed in the gracious "rezidenzia", where dignitaries such as US secretary of state, Warren Christopher, are housed when they visit the Ukrainian capital, and the caviar eating, vodka drinking and chain-smoking of Marlboros which constitute the foreplay of any successful Russian business deal began. Behind the boozy Slavic bonhomie of the banquet which followed was a business ritual as rigid as any Japanese tea ceremony – as I discovered when a bodyguard intercepted my effort to make a premature escape, warning me: "It would be disrespectful to Loutchansky."

I was grateful that my departure had been thwarted a few minutes later when a high-powered group of Ukrainian officials joined us at the supper table: the prime minister, two cabinet ministers and the president's chief economic adviser. They all bore elaborate bouquets – it was Loutchansky's birthday and, apparently, post-Soviet etiquette requires that you remember the birth date of the man who has saved your country from an energy crisis.

Then the toasts began. The economic adviser, Valentyn Symonenko, a burly ex-communist boss from Odessa, presented Loutchansky with a piece of meteor from a mountain he had scaled in central Asia. It was an appropriate gift, Symonenko said, because Loutchansky's service to Ukraine "was of cosmic proportions." Not to be outdone, one of the cabinet minister's borrowed my pen and scribbled down an impromptu poem, lauding Loutchansky as "a saviour in Ukraine's hour of need.... and a great guy." Finally, it was time for Efim Zvegilsky, the prime minister, to speak. A mountain of a man, Zvegilsky was described to me the next day by a US diplomat as "a Mafia thug who rules eastern Ukraine with an iron fist." But the thug was close to tears as he described the fine, human qualities of Loutchansky, ending his toast with a rousing cry, repeated three times, of "Hip, hip, hooray!"

Countless bottles of vodka were consumed and eventually the fulsome toasts dissolved into the hearty exchange of increasingly obscene jokes – with a slightly embarrassed nod to me as I struggled to interpret for the former Israeli minister of finance who Loutchansky has hired to help advise his Ukrainian "brothers" on the troublesome problem of dealing with an economy in hyper-inflationary free-fall. But, throughout, an almost girlish modesty was observed on the painful issue of the unpaid $120m. "Sorry about the $120m," the Ukrainian officials would mumble towards the end of

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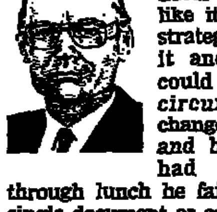
The Long View/ **Barry Riley**

A hedger's honeymoon



"I figured there would never be another bonus like it," said Steve the strategist, "so I banked it and moved on." I could tell that Steve's circumstances had changed: his normal fat and bulging briefcase had gone, and all through lunch he failed to produce a single document or complain about his global seminar schedule.

"You know I hate to follow the crowd," he said eventually, "but I'm afraid this time I've jumped on a bandwagon. I've joined a new hedge fund. You know the sort of thing. British Virgin Islands registration, pseudo-Latin name, half the investors from Colombia, $250,000 minimum, no questions asked. We take 20 per cent of the upside, they take 100 per cent of the downside."

Hedge funds did not appear to be getting a very good press, I remarked. Did it not worry the investors that regulators might start to crack down?

"No chance, it's great free publicity" said Steve. "Every story about a congressional committee grilling George Soros or the Bundesbank warning about chaos produced by hedge funds only whets the appetites of our punters. Remember, even if they're not cocaine runners most of them take pride in never paying a penny in tax. The idea of making billions out of central banks, like Bank Negara of Malaysia has just admitted losing over $5½bn on currencies in two years, is irresistible."

In fact, I said, the controversy must have usefully diverted attention from the awkward fact that many of the hedge funds lost 15 or 20 per cent of their assets in the global bond market crash in February and March. It seemed odd that so many new hedge funds should now be finding support.

Last year's boom was bound to attract new entrants, explained Steve. The successful, established hedge funds were all closed, in fact some were returning capital so as to stay a manageable size. Therefore new investors had to go into start-up funds without track records. Likewise the banks, desperate to find lending opportunities, had to agree to leverage up newcomers or see their business shrink.

It sounded, I said, like a formula for disaster. According to the efficient markets hypothesis hedge funds should not succeed anyway. Even if you accepted that there were a few geniuses around, who could flout the odds, you could hardly believe that dozens more could suddenly start up and keep winning. In fact, some intermediaries were now monitoring 800 hedge funds.

"Forget efficient markets," said Steve. "The concept was invented by college professors and exploited by bank trust departments to sell no-brainer index funds because they couldn't beat the S & P 500. Anyway, nobody ever denied that inefficiencies exist. Remember that the original hedge fund label was devised because such funds could go short as well as long. Why be one of 99 investors looking for cheap stocks when you could be all on your own hunting expensive ones? Why be forced to show negative returns in a bear market? Nowadays, of course, hedge funds are really leveraged funds, multiplying the risk, but able to cut it quickly in all significant markets because of the growth of liquid markets in derivatives."

The big way of winning, Steve said, was to latch on to an enduring trend, such as the bull markets in European bonds or Hong Kong stocks last year. You would always be top-sliced at the turn, as the hedge funds had been this winter, but you would only lose a fraction of the earlier gains. But where markets were only ranging rather than trending it was much harder to make money.

"Right now," said Steve, "we see the big opportunities as being in the exploitation of political risk. Remember that the mainstream investor universe out there is risk-averse, it doesn't want to have to explain to its boards of trustees why it is exposed to South Africa or Mexico when there are massacres in the streets and assassinations. Therefore risk, so long as you diversify it and control it, is fundamentally over-rewarded.

"I should know, I'm talking about my old client base, which operated according to benchmarks which depended on relative market size. The more expensive that Tokyo equities became in the 1980s the more you were supposed to hold. Worse, the benchmark could be redrawn without warning. In 1992 Salomon Brothers suddenly put Italian bonds into its World Government Bond Index and the sheep had to buy lire exposure. Imagine the relief now of having no benchmark. We're running a race against one-legged rivals."

It couldn't be quite as easy as that, I suggested. There was certainly plenty of political turmoil around the world: Italy had just spectacularly overthrown the old order, other European leaders like Helmut Kohl and John Major were threatened, and even Bill Clinton was under a cloud. But the political crisis in Japan had actually led to a strengthening of the yen against the dollar, a move that had stung several of the hedge funds badly. This week, despite the exit of Hosokawa, the Nikkei Dow had moved above 20,000. If John Major were forced to resign in the UK would he be a buyer or seller?

"Both," said Steve, "but at different times. We are contrarians, we buy uncertainty and sell confidence. Regular elections are another question. But in the classic unscheduled resignation play we are in and out twice. We buy into the initial political crisis, then sell into the rally that follows the resignation. When the new leader takes power there's a sell-off, allowing us to buy and hold for the political honeymoon. Then a few months later we'll be out again – Balladur is still a good short, for example – and off to the next crisis somewhere else, there's no shortage."

I left Steve plotting a tour of the world's trouble spots. I wish him well, but his spiel was always so much better than his forecasts. And I will miss his slide shows.

MARKETS

London

Fretful City distrusts even good news

Andrew Bolger

Nothing better indicates the mood of the City of London than its response to unexpected developments. When traders are upbeat – as they were during the market's surge at the turn of the year – bad news is shrugged off, on the basis it merely demonstrates further scope for improvement.

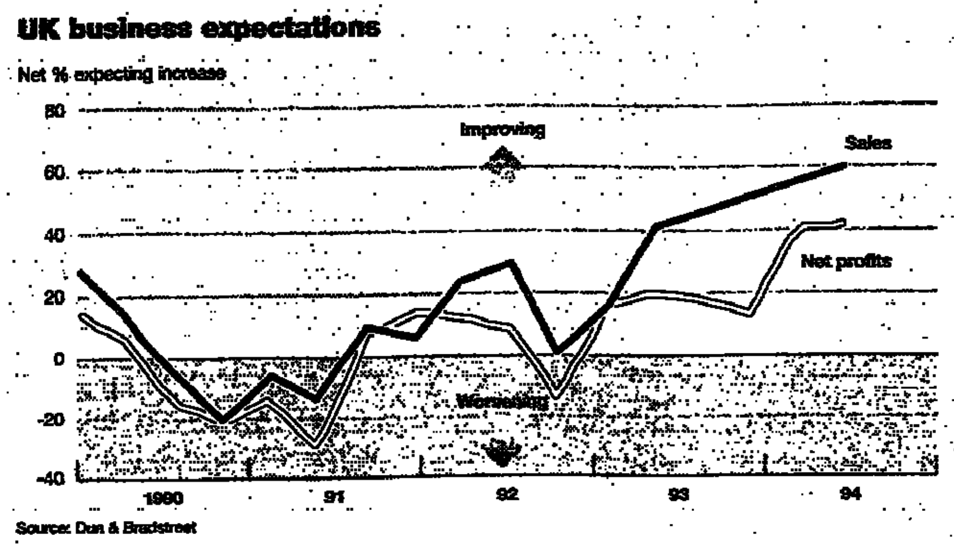
When sentiment is less bullish, even apparently positive moves can cause unease. So it was on Thursday, when the Bundesbank unexpectedly lowered Germany's key interest rates. An already weak FTSE 100 dipped even further and although it later clawed back some ground, it still closed 14 points down on a day which one might have expected to be good for equities.

That fall was more than recovered yesterday when hopes of lower UK interest rates were revived by news that last months's underlying annual inflation rate fell from 2.8 to 2.4 per cent – its lowest figure since 1967, and much better than had been expected in the City.

One striking factor is that the markets fear interest rates on both sides of the Atlantic are near the bottom of their long-term cycle – so any reduction merely makes it more likely that the next movement will be upwards.

This determination to look on the gloomy side does not just contrast with the feverish mood up until February – it also seems a long way removed from the outlook of many executives.

Dun & Bradstreet, the business information group, says companies are highly optimistic about prospects for increased sales and new orders, in spite of fears that this year's tax increases might damage the recovery. The charts shows that the balance of companies expecting an increase in net sales over the next three months is 60 per cent - its highest level since the second quarter of 1989.



Source: Dun & Bradstreet

The recent corporate reporting season has also delivered some pleasant surprises. Analysts at NatWest Securities say that of the 157 large companies to have presented results since February, a balance of 30 were ahead of market expectations.

Blue Circle Industries and RMC Group, which respectively dominate the British market for cement and ready-mixed concrete, both confirmed the strength of the recovery in construction by reporting profits above expectations. The continuing buoyancy of the German building market particularly helped RMC, while Blue Circle has resumed exports to the US for the first time in several years.

Forte, the hotel and restaurant group, said it was seeing an increase in business from corporate customers, although UK consumer spending was still fragile. This upbeat note partly offset disappointment that the group wrote down the value of its net assets by £412m to £3.4bn, after revaluing its properties.

A fear haunting the market in recent months has been that Britain's famously profitable supermarkets might be facing historic decline. They are under attack from aggressive discount retailers and have started to writedown and depreciate their expensive buildings.

Some reassurance came from Tesco, the UK's second-biggest grocery retailer, which reported a drop in pre-tax profits but said the underlying profits were level. Sir Ian MacLaurin, chairman, said gross profit margins had been forced down significantly last year, but had recently shown a pleasing improvement.

Tesco had stemmed the flow of customers to the new generation of cut-price discounters, such as Germany's Aldi and Denmark's Netto, by introducing 100 basic products at very low prices. Sir Ian said: "The competition is not going to get any easier. But it's not all about price. It is about quality, service and convenience as well."

The lesson that companies do not have to sell solely on price had already been hammered home by Burmah Castrol, which increased pre-tax profits in spite of continuing lack of demand for its fuels and chemicals businesses.

Burmah's lubricants business increased its market share sharply in a shrinking global market, mainly thanks to marketing which reached record levels. The group has even persuaded some US motorists to pay $4 a quart for synthetic oil, compared with the $1.25 they are used to paying for ordinary stuff.

Another UK business hoping that Americans and other foreigners will be willing to pay top prices is Hamleys, the famous but expensive toy shop in London's Regent Street which plans to come to the market with a capitalisation of about £40m.

Hamleys was founded in 1760, and about 50 per cent of its customers are tourists. The management wants to capitalise on the Hamleys name and has opened outlets in London's Covent Garden and Heathrow's Terminal 4. Sceptics doubt whether Hamleys will be able to charge such stiff prices outside its admittedly marvellous flagship store – particularly in a sector where retailers such as the US group Toys-R-Us have discounted prices.

This question of what constitutes value for money goes to the heart of the apparent contradiction between stock market nervousness and growing business confidence. Partly it is just timing: the market had already priced in a recovery, and is now more concerned about the likelihood that interest rates will start rising again, even if the UK rates can be nudged down a shade more.

In spite of its 10 per cent drop from February's peak, the FTSE 100 does seem to have found a floor at about 3,100. While the market's optimism seemed extreme at the beginning of the year, the recent swing in sentiment looks equally overdone. If the current fretting over interest rates settles down, a significant advance from this level is possible.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3168.3	+47.5	3520.3	3086.4	Base rate optimism
FT-SE Mid 250 Index	3824.6	+69.1	4152.8	3752.9	Dividend stocks bought
BOC	684	-29	745	627	Hoare Govett "sell"
Blue Circle	332	+12	391	315	Good results
British Steel	155½	+10¾	156	121½	Brokers visit & recommendations
Burmah Castrol	840	+25	875	811	Excellent figures
Glaxo	575	-29	725	562	US downgrades
Hunting	215	-17	265	215	Figures disappoint
Land Securities	677½	+42½	792	621	Goldman Sachs "buy"
RMC	975	+39	1079	916	Better-than-expected prelims
Reuters	1993	+66	2159	1758	Share split on Monday
Sedgwick	197	-11	222	176	Transamerica placed 21% stake
Shell Transport	728	+32	749	651	Firm oil prices
Smiths Inds	494	+28	527¾	454	Favourable figures
Vodafone	517	-28	637	509	Profit-taking/competition threat

Serious Money

For this relief – some thanks

Gillian O'Connor, personal finance editor

Two cheers! The government's belated and partial climbdown on capital gains tax indexation losses is a blow for fairness and common sense. The proposal in the November Budget means you can still adjust the base cost of gains to allow for inflation, but you cannot similarly adjust losses or turn a nominal gain into an inflation-adjusted loss. This new discrimination undermines one of the basic objectives of stock market investment: managing a portfolio in which the winners outstrip the inevitable losers.

This week's proposed concession, allowing individual investors to index up to £10,000 of losses over 1993-94 and 1994-95 will be a boon to people sufferring an embarrassment of unrelieved gains. (See page IX for the precise mechanics).

Just one gripe. Would it not have been even fairer to cancel the proposal altogether as far as individual investors are concerned? After all, it was abuse by companies, not individuals, which prompted the Budget move in the first place.

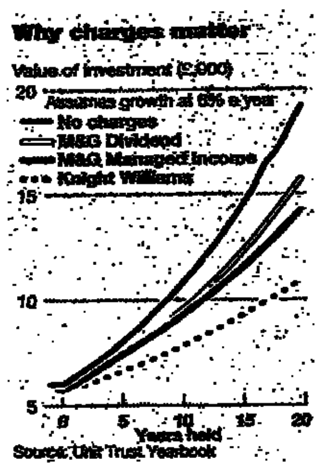
■ ■ ■

Now let us look another gift horse in the mouth. Why is it that the competitive price-cutting in the personal equity plan market has focused on initial, not annual, charges?

Several unit trust managers have cut or eliminated the initial charges on Peps, the fastest-growing part of the market. Annual charges have not been cut; indeed, they have in some cases been increased. But it is annual charges which make the bigger dent in the long-term return on your investments. This is particularly true for income funds, especially in a low-inflation, low interest-rate climate.

Take, for example, an annual charge of just 1.5 per cent – quite common for Peps. It can knock more than a quarter off the value of your investment in just 20 years. And it is surprising how fast a fund which combines an initial charge with a relatively modest annual charge will catch up with a "no load" fund with a higher annual levy.

Our chart* shows what might happen to a couple of funds with different charging structures over a 20-year period. The first is M&G Managed Income, a Pep which trumpets the fact that it has no initial charge. But it does have penalties for early surrender



Source: Unit Trust Yearbook

and a 1.5 per cent annual levy. The second is M&G Dividend, which has a conventional 5 per cent initial charge coupled with an annual charge of only 0.75 per cent. We did not fuss about minor charges and have assumed growth of 6 per cent a year. After six years, the fund with an initial charge has caught up with its "no-load" rival; after 20, it has outstripped it comfortably.

What makes this particular comparison interesting is that M&G Dividend is one of the funds in which M&G Managed Income invests. Unless Income excels, you would be better off in the Dividend fund.

Not that M&G's annual charges are unusually high. And, to set our example into context, we have made similar projections for one of the highest-charging funds in the business. Knight Williams, which sells mainly to elderly people, levies an initial 6.375 per cent on its funds and has an annual charge of 2.5 per cent. Together, these charges eat up more than 40 per cent of your investment over the 20 years. But, again, it is the above-average annual charge that does most damage in the long term.

What is obnoxious is not high charges as such but high charges not justified by good performance. A system of charging more common abroad than in Britain is performance-linking. This has a low basic annual fee, which moves up to a higher level if – and only if – the fund's investment performance tops some yardstick. It is a sensible formula for funds aiming to achieve capital growth.

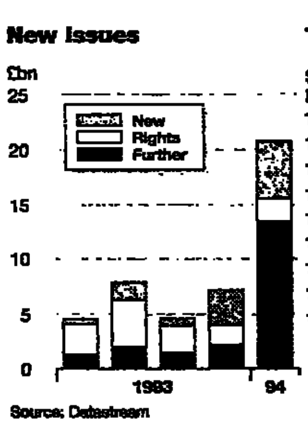
Why is it that so many annual fees have been creeping up? One common answer is that they are needed to keep the financial advisers sweet. Most fund management groups pay advisers initial commissions on Pep sales of 3 per cent plus renewal commissions of 0.5 per cent. Why? Because most fund management groups rely heavily on the advisers for sales.

One sizeable group, Newton, has stood out against the demand for renewal commissions and got away with it. But, then, it does have a rather good performance record. Its annual charges are only 1.25 per cent, with one exception: it charges 1.5 per cent on the one fund for which it does pay a renewal commission.

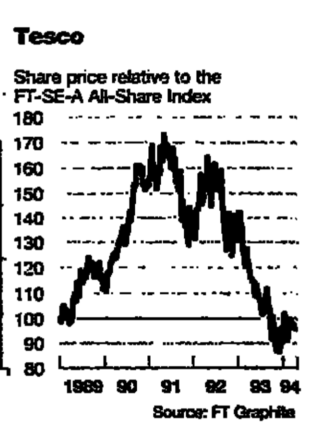
Here is one final sum on which to reflect. If we had drawn a line for "Total commission to financial adviser" on our chart, it would have mopped up 12.5 per cent of your investment over the 20-year period. We do hope he is worth it.

**Courtesy of GT Management.*

AT A GLANCE



Source: Datastream



Source: FT Graphite

New issues soar in year's first quarter

New issues soared in the first quarter of this year. New launches included the £413m House of Fraser launch, and the £463m offer of Beazer Homes. Rights issues included one from Allied-Lyons.

Tesco profits tumble

Profits of supermarket giant Tesco fell from £558m to £435m in the year to February 26. But the stock market had long realised that Tesco's margins would be crunched by the grocery war. The company's statement that trading in was showing a "pleasing improvement" helped the share price hold steady.

House prices rises

Quarterly figures for the Halifax house price index show a rise of 1.8 per cent in the first three months of this year. The year-on-year figure shows a rise of 2.6 per cent, against a year-on-year rise of 3.8 per cent reported in March.

The Halifax says this is further evidence of a continued gentle recovery in house prices, and it predicts an increase of about 5 per cent during 1994.

A regional breakdown of statistics reveals that prices fell in several regions during the first quarter. Most of these falls were small, but prices in the North West fell back by 1.1 per cent, and in East Anglia by 1.3 per cent. However, East Anglia saw an annual increase of 4.3 per cent, while the figure for the North West was 1.3 per cent, and the annual increase in the West Midlands was only 0.2 per cent.

Two valuation services

Homebuyers worried that their endowments will not grow enough to repay their mortgage, particularly those with low-cost endowments taken out in the last two or three years, can now get an expert opinion on the likely maturity value of their policy. Two organisations which offer a valuation service are DBS Financial Management, the financial advice chain, which offers the service free, and Securitised Endowment Contracts, a market-maker in traded endowments, which charges £10 for a 48-hour response with a computer print out. DBS Wealthcare: 0800-590520. SEC: 081-207-1666.

Concession on CGT losses

The government has made a last minute concession to individual investors on the indexation of capital gains tax losses. It will allow indexation of up to £10,000 of losses caused by indexation between 30 November 1993 and 5 April 1995. This will only benefit investors with unrelieved capital gains. Anyone paying higher rate tax and with £10,000 of unrelieved gains stands to save £4,000 of tax all told in 1993-4 and 1994-5.

Small companies mark time

Smaller companies marked time again. The Hoare Govett Smaller Companies Index (capital gains version) moved up 0.9 per cent to 1749.09 over the week ending Thursday April 14.

Wall Street

JFK: the hidden force moving the Dow

When facts are scarce, superstition tends to fill the vacuum: and in the absence of any clear indication of which way the US stock market is headed next, Wall Street is being entertained by a number of more-or-less crackpot theories purporting to forecast trends.

One of the more enchanting propositions to have been aired this week was the one that pointed to an astonishing parallel (shown in the chart above right) between the market's performance since Bill Clinton's election as president and its behaviour during John F Kennedy first years in office.

Hugh Johnson, chief investment officer at the securities house First Albany, pointed out in a *Wall Street Journal* article on Thursday that both Clinton and Kennedy were young, untested Democrats and in both cases, stocks slid during the election campaigns as investors braced themselves for an adverse change in the financial climate.

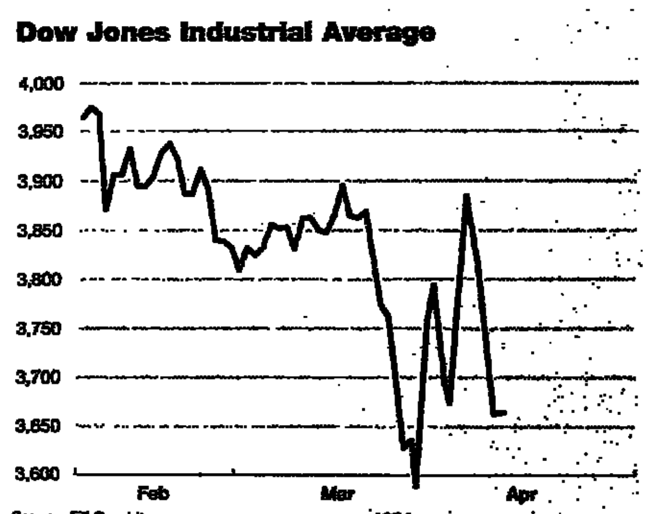
Yet in each case, stocks pulled out of their decline shortly before the election and rose steeply during the presidents' first year. Then, near the end of the first year, the trend came abruptly to a halt, and decline set in.

In the second year of the Kennedy administration stocks slid steadily from March to June, so if history continued to repeat itself, today's market could expect a good deal more of a drubbing before the next upturn. Indeed, Ned Davis, the Florida market researcher who first remarked on the parallel, thinks the downturn will be even worse this time because peak valuations are higher.

Is it all nonsense? Sooner or later, these parallels usually break down. But Johnson points out that there are similarities in the fundamentals, too. In both cases, the economy was improving after a recession, the stock market had just had an unusually strong decade, and the Federal Reserve was leaning towards restraint.

Parallels notwithstanding, some analysts at least cling to the hope that the first-quarter earnings figures will give the market a lift as investors see how quickly corporate profits are rising. But even that hope looked forlorn when Motorola, the electronics and semiconductor company, brought out its figures on Monday.

Continuing last year's rapid growth, Motorola reported net



Source: FT Graphite

profits of $298m for the quarter, an increase of no less than 46 per cent from the comparable period. But even that was not enough for a jaded market: investors decided it was time to take profits and flee, prompting a run on the technology sector as a whole.

In one sense, you can hardly blame them when you look at the fragility of the profits reported by companies hitherto regarded as bastions of integrity. Two of the biggest companies in the US this week confessed to bizarre goings-on that affected their bottom lines.

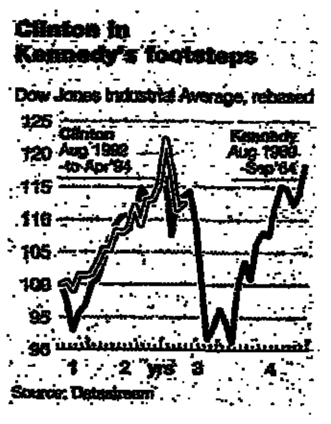
One was Woolworth, the five-and-dime store operator that is trying to transform itself into a niche retailer with subsidiaries such as the Foot Locker sports shoe chain. After earlier warning that it had launched an investigation into the accuracy of last year's quarterly figures, it confirmed on Wednesday that the tiny profits it reported for the first two quarters were illusory.

The explanation, it seems, is that costs which should properly have been taken in the first two quarters were actually deferred until later in the year. Still to emerge is whether it was done accidentally or on purpose, and how many heads will roll. But if a company of Woolworth's stature cannot be relied upon to report its figures properly, who can investors trust?

The Woolworth announcement came only a day after Procter & Gamble, the consumer products giant, announced that it would be taking a charge of $102m to net profits in its quarterly results to cover its losses on two highly-leveraged interest-rate swap contracts that came unstuck when interest rates rose in the US and Germany.

It is one thing for Wall Street investment firms or hedge fund operators such as George Soros to gamble away hundreds of millions of dollars by speculating on high-risk financial derivatives, but investors may feel things have gone too far when a soap and nappy manufacturer starts getting involved, too.

Procter & Gamble said it was terribly sorry and would not do it again, "reassigned" its treasurer, and said it was



Source: Datastream

considering legal action against its financial adviser, Bankers Trust. But it was all a case of shutting the door after the horse had bolted, as far as shareholders were concerned.

Years ago, when Procter & Gamble launched the world's first fluoride toothpaste under the brand name Crest, it coined the famous slogan: "Look, Mom – no cavities!" If only the same could be said of its profits today.

Richard Tomkins

Monday	3688.83 +	14.57
Tuesday	3681.69 –	7.14
Wednesday	3661.47 –	20.22
Thursday	3663.25 +	1.78
Friday		

Bottom Line

Stock prospectors wary of oil

Stock market investors keen to have a flutter on the oil price usually look beyond the big, integrated oil majors such as British Petroleum and Shell to smaller exploration and production stocks.

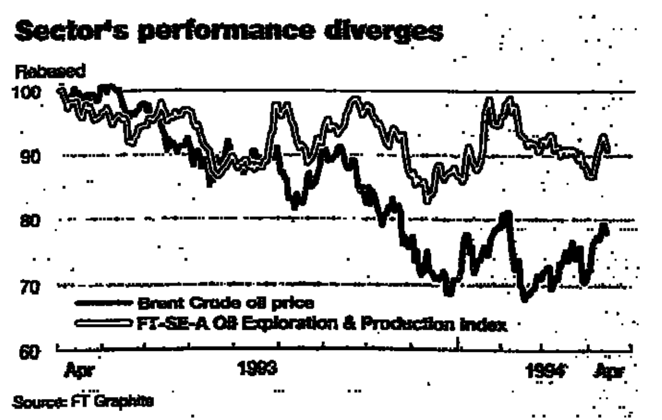
This week one of the largest companies in the sector, Lasmo, announced a deeply discounted £219m rights issue to shore up a balance sheet ravaged by a £794m debt. Management said strong operating cash flows have been undermined by the steep fall in oil prices over the past year, to current average levels $13-$14 a barrel for the benchmark Brent Blend. Price weakness called into question the company's ability to carry out its ambitious plans to cut its high-cost production base by developing low-cost oil and gas reserves.

Analysts have long considered Lasmo the company in the exploration/production sector most vulnerable to weak oil prices. Its agony as oil prices plumeted over the past year has been marked by a trail of casualties: in early 1993 it dropped Chris Greentree as chief executive in favour of Joe Darby. Changes have also been made to its finance director and non-executive chairman.

In addition its shares were among the worst performers in 1993 and it passed its final dividend last month.

Investors may therefore be wondering whether Lasmo's plight is unique, or a sign that similar troubles might spread to other companies in the sector. After all, as the chart shows, the performance of the exploration and production sector has been relatively resilient in recent months in spite of oil prices falling to five-year lows. Furthermore, asset values in the sector do not fully reflect oil prices at recent lows.

Analysts have mixed views



Source: FT Graphite

on the sector, but most agree that Lasmo's case is unique in at least one crucial sense; its investment cycle and therefore its debt load is seriously out of synch with the oil price.

The company is entering a two-year period of large-scale development commitments for schemes such as Liverpool Bay, a big natural gas project which will generate significant cash after 1996. It already had financing for Liverpool Bay and other projects, but at current prices Lasmo's high-cost production profile makes the company unprofitable.

Analysts say a successful rights issue will give Lasmo the breathing space it needs over the next two years.

Other exploration companies have also seen their cash flow suffer because of weak oil prices. But most, including Enterprise, the biggest independent explorer, find themselves at more comfortable points in the capital investment cycle.

Does the sector deserve its relatively high valuation given the continuing uncertainty over oil price? Brokers Société Générale Strauss Turnbull think not. In a recount report they argue that investors are perpetually over-optimistic about oil price trends: "Equity investors . . . have been only too keen to pay over the odds in order to acquire oil and gas reserves via the stock market at prices which the oil and gas industry itself has not been prepared to pay."

The brokers add that the "anomaly between stockmarket versus industry reserve valuation obviously creates good opportunities for energy companies to raise finance in the equity markets."

Other analysts disagree. They point to recent asset sales in the North Sea which valued reserves at $15-$17 a barrel, proof they say, that the industry believes current prices are not a realistic long-term prospect.

But for private investors the attractiveness of a flutter on the sector still rests on whether they think the oil price will increase, and whether they feel lucky.

Robert Corzine

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FINANCE AND THE FAMILY

How falling funds sank the greedy stags

Speculators intended to make a killing from investment trust launches this year. Instead, says ***Bethan Hutton****, they have taken a beating*

The investment trust stags who bounded into action at the peak of the recent market surge in new issues may be feeling bruised and bewildered. All but a handful of the trusts launched this year are trading now at less than their issue price, and the few that have risen were not issues that attracted many private investors.

Stags are a top-of-the-market phenomenon: they buy new issues intending to unload them at a profit in the first few days of trading. They were out in force for the launches earlier this year of the two biggest new investment trusts yet: the Kleinwort European Privatisation trust, which raised £500m, and the Mercury European Privatisation fund, which raised £575m.

Many private investors developed a taste for stagging when British Telecom, British Gas and the others were privatised in the 1980s. The government was keen for the issues to do well, so the shares were priced very cheaply. People snapped them up – and a large number unloaded them immediately, making handsome profits.

Perhaps it was the word "privatisation" in the titles that made people think the Kleinwort and Mercury funds could be stagged. Perhaps it was just that the last few trusts hyped to the same extent went to a premium as soon as they started trading.

In any case, a surprising number of investors seem to have thought they could outwit the market and make a quick profit on these two trusts. They were wrong.

The problem with stagging investment trusts is that, generally, when you buy shares in one that has just been launched, these are not backed by assets – unlike the flotation of BT and the rest. There is only the cash put up by you and other investors, less the expenses of making the issue – often about 4 per cent.

So, for every £1 of shares you buy, you end up on the first day of trading with a piece of paper backed by 96p in cash. There can be no pricing anomalies.

It is, of course, possible occasionally to stag an investment trust issue successfully. When an issue is oversubscribed heavily, shares shoot to a premium as investors whose applications were scaled back scramble to buy more on the open market.

The Kleinwort trust was oversubscribed massively – £360m of investors' money was turned away – but its near-identical twin, the Mercury fund, was following close behind and mopping up the overflowing funds. By the time both trusts hit the market, most people who wanted shares had got them already.

The timing was also impeccably awful. The public offer for the Kleinwort fund spanned the peak of the surge when investors were pouring money into new trusts at an unprecedented rate. But the first day of trading in the shares was February 9 – the week that a US interest rate rise rattled world markets. And the Mercury shares came to market a month later when the climate was distinctly chillier.

Subscribers to the Kleinwort trust who were very quick off the mark and sold within the first few days might just have made a profit after allowing for dealing costs. But any stag greedy (or optimistic) enough to hold on a little longer, hoping that the share price would take an upward turn, has been disappointed. Later sellers would certainly have made a loss.

Would-be stags of the Mercury fund did not stand a chance: packages of shares and warrants opened at a slight discount and slid further.

The discount on the Kleinwort shares is exaggerated by their part-paid structure. Investors had to pay only 250p up front for a package of five shares and a warrant, with the remaining 250p due in August.

The shares were trading this week at 38p and the warrants at 31.25p, so 221.25p for the package – a discount of 11.5 per cent on the issue price. The cash discount – 28.75p – would probably be similar if the full 500p had been paid, making it smaller in percentage terms – about 5.75 per cent.

Timing is all-important. One of the most popular new investment trust issues earlier in the market surge was the Fleming Chinese fund. It went to an immediate premium, so early sellers made a profit. The share price zoomed upwards until the Hong Kong stock market caught a cold, and has since come back to around the issue price.

At one stage, if you had sold shares in Fleming Chinese after buying them in the public offer, you would have made a profit of more than 50 per cent. But if you held on, you would now be back where you started.

■ **Discounts**

The average investment trust discount hit its narrowest point in January and has widened since (see graph). But it is still very narrow by the standards of the past few years. Early in the 1980s, discounts of 25 or 30 per cent were common.

The shifting level of investment trust discounts tends to magnify the effect of any market changes. In a rising market, a share's asset value will increase, more people want to buy it and its discount narrows, adding to the profits. When the market turns down, asset values drop and people want to sell – so the discount widens and losses expand.

Take, for example, a share with a net asset value of 100p that is trading at 95p, a discount of 5 per cent. If the underlying market falls by 10 per cent, the asset value is likely also to fall by a similar amount, to 90p.

If the discount remains steady at 5 per cent, the share would then sell for 85.5p – a loss of 9.5p, or 10 per cent. But if, as is likely, the discount widened at the same time to, say, 10 per cent, the share would then be priced at 81p – a loss of 14p, or 14.7 per cent.

So those who bought emerging markets' investment trusts at a premium before many of the Far Eastern markets took a tumble will now be affected not only by the loss in asset value but also by the shift from premium to discount.

The point to remember is that this is a two-way process – what goes down can go back up, and down, and up again. But then, no one ever promised a smooth ride to investors in any stock market, particularly emerging markets.

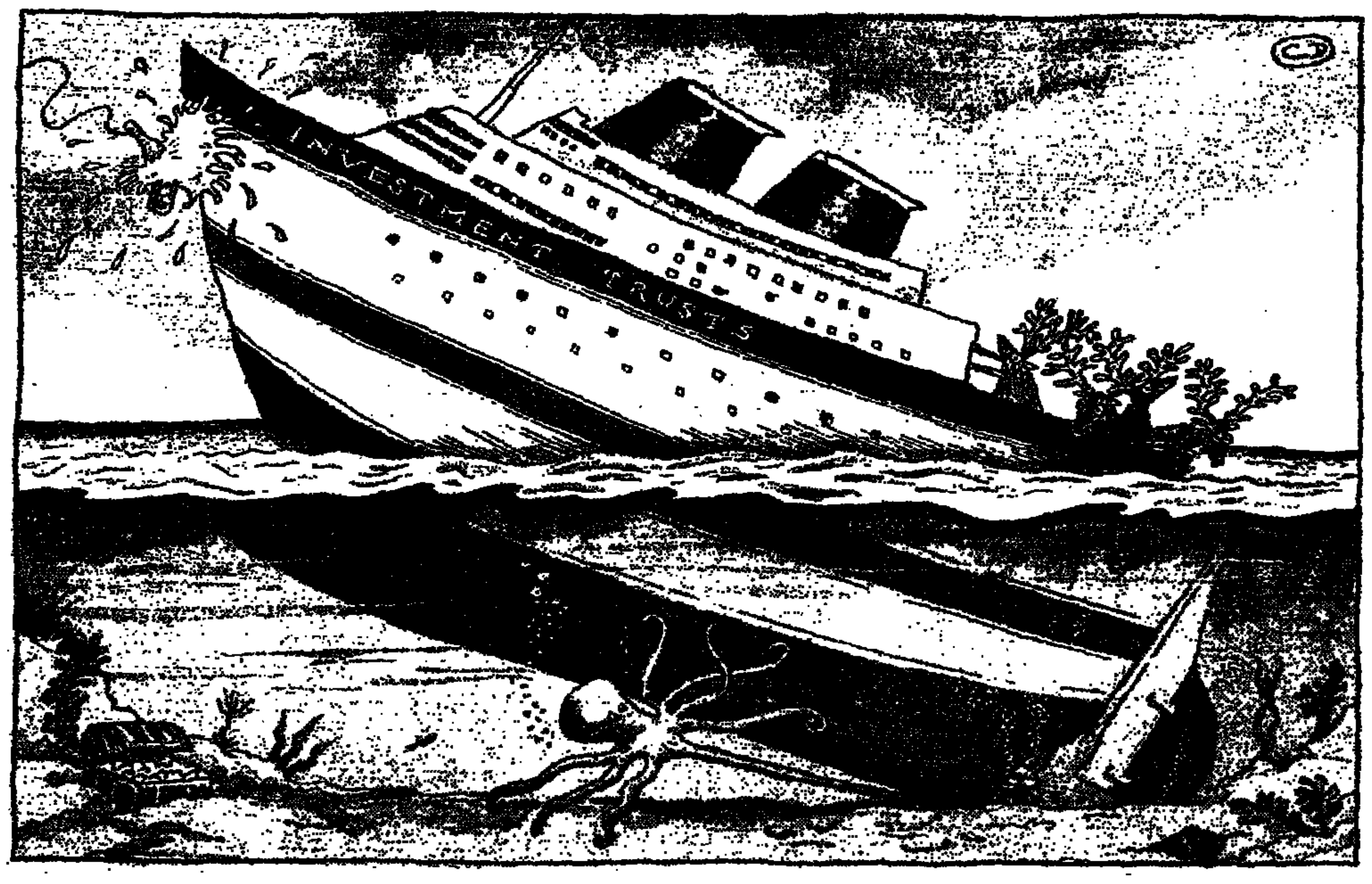
■ **Opportunities**

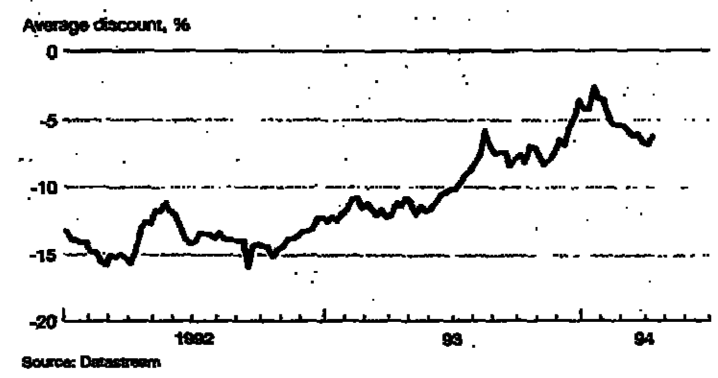
Nigel Sidebottom, a private client fund manager with stockbroker Gerrard Vivian Gray, says: "I think what this sort of shake-out shows is that investment trusts can be more volatile when markets are contracting. You can get not only asset values dropping but discounts widening – but that can throw up opportunities for the fleet of foot."

As for opportunities now, he recommends some of the emerging-market trusts which have lost their long-standing premiums, and also the Lloyd's trusts – relative newcomers which invest in the Lloyd's insurance market and have fallen back recently. But random movements in a volatile market mean that other opportunities can spring up for short periods if you keep your eyes open.

Reality has now returned to the investment trust market. New issues continue to appear, but they are raising more modest amounts of money and having to work harder to get it. More are falling short of their targets (see table).

A calming-down period, and some time for the market to absorb the new money, can only be healthy. Long-term investors seeking value are no longer priced out of the market. And the stags can retreat to lick their wounds until the next market surge.





New trusts launched in 1994

Trust name	Target £m	Actual £m
Abtrust High Income	*40*	*30.5*
Central Euro Growth Fund	$200m	$200m
Edinburgh Inca	95	39
Edinburgh New Tiger	50-100	140
Fidelity Japanese Values	25+	105
Fleming Euro Fledgeling	50	14.7
F&C Income Growth	50	43
F&C Private Equity	20	25
Gartmore British	50	58.5
Herald	25	65
Israel Fund	$200m	$153m
Kleinwort Euro Privatisation	40+	500
Mercury Euro Privatisation	50+	575
Mithras	20	5
Morgan Grenfell Lat America	125	64
Piper European Smaller	50	10
Saracen Value	50	37
Schroder UK Growth	50+	117
Taiwan	30	45

Source: AITC/SG Warburg/FT

FINANCE AND THE FAMILY

Gilts regain some gloss

*Government bonds have had a rocky year. **Sara Webb** explains why*

Gilt investors have had a nasty shock, given the sharp fall in the UK government bond market so far this year. But private investors who own gilts should keep their cool, while those wondering how to obtain a relatively high income might again consider buying gilts now that yields have bounced back to such high levels.

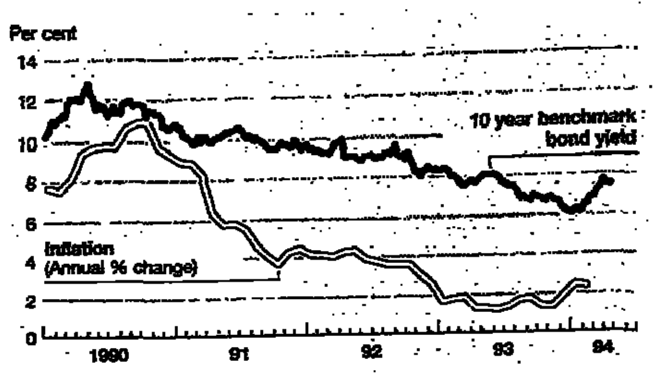
The shake-out in the gilt market in 1994 has taken many people by surprise. The decline in inflation during the 1990s paved the way for a gradual lowering of UK interest rates, prompting a rally in gilt prices and an accompanying decline in yields.

By the end of 1993, yields had reached a low and many investors and analysts were wondering if scope remained for further cuts in the base rate or whether the rally was running out of steam. In fact, during the first quarter of 1994, the gilt market has tumbled for a variety of factors.

John Kendall, economist at Baring Sterling Bonds, says: "Bond markets were ready for a correction: based on fundamentals, gilts were looking expensive and there was an excessive degree of optimism in the market."

Second, the US Federal Reserve sent a shock wave through the world financial markets by raising short-term interest rates on February 4, and again on March 22. This action was meant as a pre-emptive strike against inflation as

The decline in UK government bond yields in the 1990s



Source: Datastream

US economic growth gathered pace. But it led to a sharp sell-off in US Treasury bonds and in European government bond markets.

A further reason was the fickle nature of many big investors who pulled out when things turned sour. The UK government's large borrowing programme required heavy gilt sales by the Bank of England last year. Instead of going into pension and insurance funds which, traditionally, take a longer-term view, Kendall says: "A high proportion of those gilts went into loose hands, such as proprietary trading desks, banks, even some companies."

The effect on the gilt market has been devastating, with long-dated issues doing worst: 20-year stocks have lost about 10 per cent so far this year in capital and income combined, while 10-year stocks have lost about 7 per cent.

So what should private investors do?

If you own gilts already, and have seen a sharp fall in the value of your stocks, you should probably sit tight. Gilts are redeemed at par (100) so you will get back the face value of the bond at the maturity date.

If you bought the bonds above par, though, you will incur a capital loss. And the problem is that losses on gilts cannot be used to offset capital gains elsewhere.

The shake-out in the gilt market and the rise in yields could mean that this is a good time to buy stock and lock into high yields. "Gilts look attractive now, since there should be a recovery in the market over the coming months", says Peter Tonkin, investment director at Towry Law Financial Planning.

Simon Briscoe, UK economist at S.G. Warburg Securities, adds: "If you think the UK is going to see high economic growth and a pick-up in inflation, don't bother with gilts. But if you think inflation will be subdued or that economic growth will be sluggish, then gilt yields are implausibly high."

The March inflation figures, announced yesterday, confirm that inflation remains under control, with the underlying rate at its lowest for 25 years. Some bond analysts believe this should give the Bank of England room for another cut in the base rate.

And the release of minutes from the February meeting between chancellor Kenneth Clarke and Bank of England governor Eddie George indicate that the authorities were prepared to consider a rate cut if inflation stayed low and the recovery appeared weak.

As for exactly when investors should enter the gilt market, the timing could prove difficult. Kendall says: "It might be too soon to buy the market at the moment: yields are attractive, but they could well rise above these levels and this might not necessarily be the bottom of the market." Kendall also feels it could be better to lock into 1996 maturities rather than very long-dated issues because of future political risk.

But Briscoe points out that while short-dated gilts are less risky, "if you really think inflation is under control and will continue to fall, then you will see better gains at the long end."

The week ahead

Chunnel's misplaced optimism

The numbers Eurotunnel will unveil for 1993 on Thursday will be largely academic but it must have hoped it could announce revenues from the first few months of operations. A full freight and passenger service will not now be running before September-October, a delay which is costing Eurotunnel tens of millions of pounds a month. Projected revenues of £224m for this year now look hopelessly over-optimistic. But if the past year has disappointed in this regard, at least considerable progress has been made towards resolving the many disputes which have affected the project.

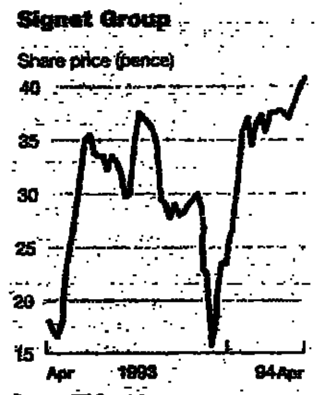
□ Morgan Crucible, the speciality materials group, is forecast on Monday to report full-year pre-tax profits up from £61.3m to between £63m and £65m. The thermal ceramics business will have suffered badly from the recession in continental Europe but the group figures will be boosted by currency movements, recovery in the US, and growth in East Asia.

□ On Thursday, SmithKline Beecham reports results for its first quarter – which might also be the best quarter of the year as the US patent on ulcer drug Tagamet expires next month. First quarter pre-tax profits should be £347m, up 13 per cent on last time.

□ This month's income tax increases are expected to dominate the results of the raft of small retailers – such as **Etam, Bentalls, Austin Reed, Tie Rack and Liberty** – which are reporting next week. But it might still be a bit too early to get any meaningful indications from the present trading statements. Most company observers will be waiting for Sears' results on April 26.

□ Etam, the fashion clothing company, will be the most closely examined of those reporting. It is expected to show a 33 per cent pre-tax profits advance to about £14.5m, excluding property losses.

Signet Group



Source: FT Graphite

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Asda Property	Prop	Tuesday	0.65	1.45	0.70
Austin Reed	RetG	Thursday	2.0	3.0	2.0
BDA Holdings	Prop	Monday	-	-	-
Bentalls	RetG	Wednesday	0.6	1.3	0.6
Bisichi Mining	Extl	Monday	-	0.83	-
Bodycote International	Eng	Tuesday	3.75	6.25	2.0
Boosey & Hawkes	L&H	*Tuesday*	*8.0*	*16.0*	*8.0*
Boot (Henry)	B&C	Thursday	1.6	4.3	1.7
Britannia	B&C	Monday	-	-	-
British Dredging	BM&M	Thursday	2.6	2.6	2.6
Caird Group	OS&B	Thursday	1.33	-	-
Cannon St Inv.	Divl	Thursday	-	-	-
Chelsfield	n/a	Tuesday	-	-	-
Country Casuals	RetG	Wednesday	-	2.7	1.41
Darby	BM&M	Friday	-	-	0.5
Dencora	Prop	Wednesday	-	3.0	-
Densitron International	E&EE	Monday	0.4	1.0	0.5
English National Inv.	InTr	Wednesday	5.0	11.2	5.0
Etam	RetG	Thursday	1.65	5.25	1.75
Eurotunnel	Tran	Thursday	-	-	-
Golden Vale	FdMa	Tuesday	-	-	-
Havelock Europa	B&C	Wednesday	-	-	-
Helical Bar	Prop	Thursday	2.4	-	2.5
Holt (Joseph)	Brew	*Friday*	*10.0*	*31.0*	*11.0*
Ibstock Johnsen	BM&M	Tuesday	0.5	0.5	0.5
Jacks (William)	Dist	Wednesday	-	-	-
Johnson Fry	InTr	Monday	-	-	-
Le Creuset	HeGd	Friday	-	-	-
Liberty	RetG	Thursday	1.85	5.35	1.85
Linton Park	FdMa	Monday	2.5	11.5	2.5
London American Growth Tst.	InTr	Wednesday	-	-	-
London & Association Invest.	Prop	Monday	-	-	-
Mid-States	EngV	Monday	-	-	-
Morgan Crucible	Eng	Monday	5.75	6.85	5.75
Oriel	Ins	Thursday	2.0	3.0	2.0
Parambe	OtFn	Friday	0.55	0.55	0.55
Reed Executive	SupS	Friday	-	-	-
River & Merc.Geared Cap.	InTr	Friday	-	-	-
RPH	n/a	Thursday	-	-	-
Sherwood Computer Services	SupS	Wednesday	1.75	5.25	1.75
Signet	RetG	Tuesday	-	-	-
Slingsby (H C)	n/a	Friday	2.0	5.5	3.0
Tie Rack	RetG	Thursday	0.0	1.0	0.0
United Energy	OE&P	Thursday	-	-	-
Yorklyde	TexA	Thursday	4.0	6.4	2.2
INTERIM DIVIDENDS					
British Empire Secs & Gen Tst.	InTr	Thursday	0.25	-.68	-
Centregold	Med	Monday	-	-	-
Creston Land	Prop	Monday	-	-	-
Data General Corporation	Amer	Wednesday+	-	-	-
Fisher (Albert)	FdMa	Thursday	1.8	2.3	-
Fleming Japanese Inv.	InTr	Wednesday	-	0.45	-
Low (William) & Co.	RetG	Thursday	-	-	-
Molyneux Estates	Prop	Thursday	-	1.0	-
Office & Electronic Machines	RetG	Wednesday	-	-	-
Royal Bank of Canada Sterling	Can	Thursday	-	-	-
Scottish American Invest.Co.	InTr	Wednesday♥	1.16	1.18	-
Shires High-Yield Smaller Co.	InTr	Wednesday♥	1.2	1.75	-
Smithkline Beecham	Pham	Thursday♥	2.53	3.3	-
Sphere Inv. Trust	InTr	Thursday	0.75	1.15	-
St.Ives	PP&P	Tuesday	1.5	4.0	-
Waste Management	OS&B	Monday♥	-	-	-
WEW	RetG	Thursday	1.1	0.25	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ♥ 1st Quarterly. + 2nd Quarterly

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Clayton, Son	128*	127	117	3.40	Motherwell
Europa Mins	62.2	57	-	15.0	Burmine
Freeman †	242	234	220	17.57	Sheffield Ins.
In Shops †	118	114	83	59.36	Birkby
LWT ‡	786§§	733	585	813.11	Granada
Magellan Inds ‡	183	175	173	46.62	Claremont
Molynx	23.65	23	23	5.01	Silverminee
Newspaper Pub.‡	355*	350	350	78.00	MGN Consortium
Reject Shop	22.4	30	58	2.5	Upton & Southern
Southern Radio	115*	116	93	32.60	Capital Radio
Westland ‡	335*	334	305	542.0	GKN

*All cash offer. †For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 15/4/94. §§Shares and cash.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aegis	Med	Dec	18,000 L	(11,000 L)	-	(-)	1.375	(1.6)
Allied Radio	Med	Sep	1,900 L	(1,720 L)	-	(-)	-	(-)
Alpha Airports	n/a	Jan	19,200	(16,300)	8.89	(6.76)	-	(-)
Anglo East Plantation	OtSv	Dec	2,840	(1,320)	7.4	(3.4)	1.65	(1.375)
Ashley (Laura)	RetG	Dec	3,000	(1,800)	0.45	(0.35)	0.1	(0.1)
Beauford	Eng	Dec	7,430 L	(28,400 L)	-	(-)	-	(-)
Bilton	Prop	Dec	17,400	(17,100)	27.3	(26.8)	19.28	(18.8)
Black (A & C)	Med	Dec	507	535	23.5	(24.4)	13.5	(13.5)
Blockleys	BM&M	Dec	419	(352)	1.04	(0.73)	1.0	(1.0)
Blue Circle Inds.	BM&M	Dec	165,600	(93,800)	14.5	(4.0)	11.25	(11.25)
Bostrom	EngV	Dec	2,030	(919)	11.4	(9.0)	6.0	(6.0)
Brooks Service	SupS	Dec	323	(392 L)	3.13	(-)	1.5	(-)
Burmah Castrol	Oil	Dec	*193,800*	*(164,000)*	*53.9*	*(33.5)*	*27.5*	*(25.25)*
Chepstow Racecourse	n/a	Dec	389	(247)	65.5	(41.0)	10.0	(1.0)
Clydeport Holdings	n/a	Dec	2,400	(-)	-	(-)	-	(-)
Dewhirst	T&A	Jan	9,600	(8,460)	5.08	(3.52)	1.45	(1.0)
Dixide Heal	Text	Dec	649	(201)	3.84	(1.31)	1.4	(0.95)
Dolphin Packaging	PP&P	Dec	2,460	(1,510)	7.72	(5.22)	4.5	(4.5)
Erith	BM&M	Dec	1,090	(557 L)	1.74	(-)	1.0	(0.35)
Ferrum	Eng	Dec	2,800	(3,640)	-	(-)	-	(-)
Forte	L&H	Jan	121,000	(164,000)	10.2	(14.1)	7.5	(7.5)
FR Group	Eng	Dec	21,000	(23,800)	18.23	(21.74)	7.56	(7.2)
Gowrings	Dist	Dec	251	(82 L)	2.29	(-)	2.0	(2.0)
Greenacre Group	Hlth	Jan	1,700	(1,360)	0.72	(0.57)	0.33	(0.28)
Hemmingway Properties	Prop	Dec	837 L	(655 L)	-	(-)	-	(-)
Hewitt	BdMa	Dec	8	(832)	-	(-)	3.25	(3.0)
Hunting	Eng	Dec	31,700	(29,200)	13.8	(15.7)	10.0	(10.0)
Ipeco	Eng	Dec	2,350	(3,300)	5.45	(7.72)	3.6	(3.6)
Keller	n/a	Dec	7,960	(6,200)	-	(-)	-	(-)
Kingspan	BdMa	Dec‡‡	(3,100)	(1,380)	9.7	(3.8)	2.5	(2.2)
Laird	EngV	Dec	38,200	(36,200)	21.2	(18.7)	(10.7)	(10.5)
Lamont	T&A	Dec	11,400	(8,310)	25.57	(16.09)	12.5	(12.0)
London & Manchester	LfAs	Dec	33,400	(23,400)	20.49	(14.3)	15.68	(14.25)
Lopex	Med	Dec	502	(372 L)	0.3	(-)	0.25	(-)
Magnolia	L&H	Dec	72	(84)	1.08	(1.89)	0.1	(0.1)
New City & Comms.Inv.	InTr	Jan	712	(-)	4.54	(-)	4.1	(-)
North Atlantic Small.	InTr	Jan	184	(363)	1.38	(2.28)	-	(-)
Nurdin & Peacock	RetF	Dec	*32,100*	(30,190)	17.6	(17.0)	6.5	(6.12)
QS Holdings	ReGn	Jan	5,250	(8,470)	8.49	(14.22)	5.19	(5.19)
Queens Moat Houses	L&H	Dec	48,400 L	(1,004,000L)	-	(-)	-	(-)
Rathbone Brothers	OtFn	Dec	5,250	(4,060)	18.5	(16.07)	7.5	(6.0)
RMC	BM&M	Dec	177,800	(168,400)	39.4	(31.2)	14.4	(13.4)
Rose	Dist	Dec	1,640 L	(4,440)	-	(-)	0.4	(0.45)
Savoy Hotel	L&H	Dec	725	(1,430 L)	1.8	(-)	3.5	(7.0)
Scottish TV	Med	Dec	13,000	(10,770)	21.29	(16.54)	12.41	(9.93)
Scruttons	n/a	Dec	882	(417)	14.5	(7.2)	13.0	(13.0)
Storm	Med	Dec	122	(2,100 L)	0.2	(-)	-	(-)
Swallowfield	HseG	Dec	1,630	(1,270)	9.6	(7.3)	5.2	(4.4)
Tesco	RetF	Feb	435,500	(558,000)	15.06	(19.78)	7.75	(7.1)
Torday & Carlisle	Dist	Dec	292 L	(15,100)	0.2	(-)	-	(-)
Tudor	BM&M	Dec	865 L	(104 L)	-	(-)	0.25	(0.25)
Walker Greenback	HeGd	Jan	7,080	(6,570)	5.1	(5.3)	2.1	(1.9)
Wakebourne	E&EE	Dec	18,600 L	(453)	-	(-)	-	(-)
Yule Catto & Co	Chem	Dec	18,200	(22,200)	11.6	(16.0)	6.25	(5.9)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Black & Edgington	SpSv	Jan	1,200 L	(704)	-	(-)
Estates & Agency	Prop	Dec	283	(416)	3.5	(0.5)
Five Oaks Invest.	Prop	Dec	655	(953 L)	0.2	(-)
IAWS	FdMa	Jan‡‡	2,030	(1,190)	1.15	(1.0)
Orb Estates	Prop	Dec	8,230	(19,800)	-	(-)
Smiths Industries	Eng	Jan	46,000	(40,300)	4.6	(4.3)
Wehmiller (Barry)	Eng	Jan	1,650	(3,200)	2.4	(2.4)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡‡ Figures in Irish punts and pence. ⌽ 11 month figure.

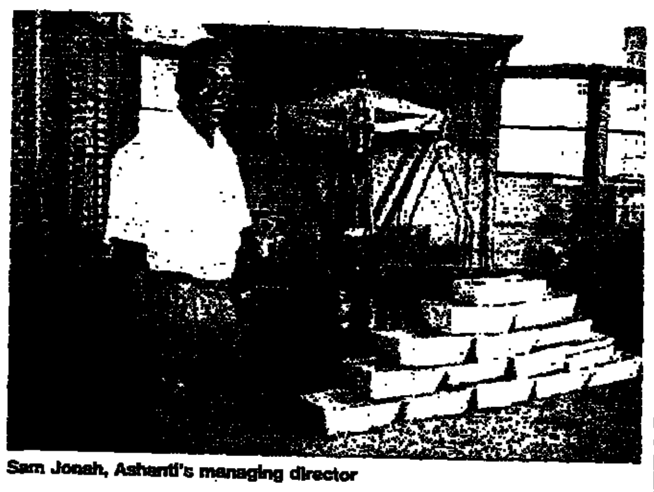
RIGHTS ISSUES

Allied Radio is to raise £1.55m via a rights issue and restructure.
Ferrum is to raise £5m via a rights issue of 11.1m shares @ 45p and a 1-5 consolidation to be offered to shareholders.
Lasmo is to raise £219m via a 2 - 7 rights issue @ 105p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

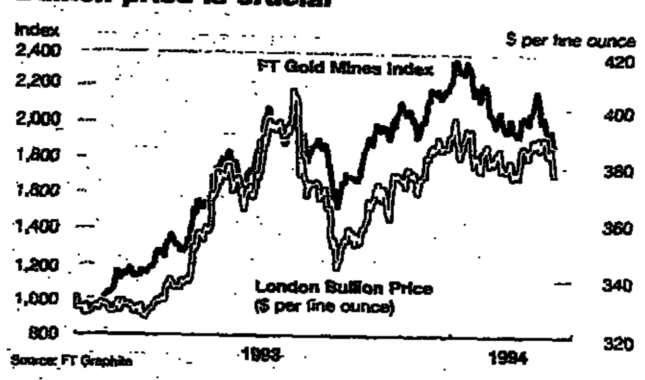
Brewin Dolphin is coming to the market with a market of value of £40m.
DRS is coming to the market via a placing and a value of approx. £40m.
Secure Trust is to raise £2.5m via a placing of new shares.

FINANCE AND THE FAMILY



Sam Jonah, Ashanti's managing director

Bullion price is crucial



Source: FT Graphite

Investors eye Ghana's gold

***Kenneth Gooding** on Ashanti's float*

Ashanti, one of the world's largest and richest gold mines, comes to market next week. It is a top operation in terms of production, mine life and cost structure and, at the expected price of $20 a share, Ashanti Goldfields Company is valued at $1.67bn.

This figure was reached by comparing Ashanti, Ghana's biggest gold group, with major producers in Australia, North America and South Africa. The important measurement was how much gold in the ground, in the form of reserves, you get for your money.

Ashanti's prospective market capitalisation puts a price of $92 an ounce on its 18m ounces of reserves, so it is being ranked below the Australians and North Americans but above the South Africans (which it resembles most closely). You pay an average of $160 an ounce for North American gold in the ground and $140 for Australian – but only $50 for a South African ounce.

Is Ghana really that much better a political risk than South Africa?

The Ghanaian government's sale of 25 per cent of Ashanti, one of the central planks of its privatisation programme, is by no means popular with everyone locally and has already been challenged – unsuccessfully, so far – in the courts.

There are other risks. Any investment in a gold producer is a bet on the price. And while Ashanti is one of the lowest-cost producers, a falling price would inhibit its ability to fund capital investment and to pay dividends.

Ashanti also will rely heavily for future gold production on a process called bacterial oxidation: in crude terms, bugs eat into the ore to release the metal. This process is relatively new to the gold industry and has never before been used on such a big scale.

Some potential investors could baulk at putting money into a company in which Lonrho, the UK-based conglomerate now undergoing a management shake-up, is a major shareholder and manager. Lonrho's 45 per cent stake will be cut to 43.1 per cent.

Trevor Steel of the Mercury Gold and General fund, the top performer in its sector last year, pointed out recently that the Ashanti float had put the spotlight on Ghanaian gold and resulted in a re-rating of smaller companies there. Even so, it was still possible to buy Australia's Golden Shamrock for $53 an ounce of gold in the ground, and Pioneer Group for $35.

Nevertheless, there remains great enthusiasm for Ashanti. Lindsey Falconer, at Ord Minnett, says: "Emerging market funds will be interested in the shares and Ashanti will be eligible for immediate inclusion in the new Financial Times gold index. Assuming a price of $20 a share or less, we expect good performance from the shares after listing."

The mechanics of the issue are complex and only 5 per cent has been allocated for private investors. The two intermediaries involved closed their books yesterday.

High cost of a lump sum

*Company's policy demand would have cost **Gary Mead** £11,000*

I have a small lump on the skin of my right calf muscle. It has been there more than a decade and has never caused me the slightest trouble. It has always been the same size and has been inspected and diagnosed as benign by at least four general practitioners.

As lumps go, it is strictly in the minor league – so why should it cost me an additional £10,740 premium on a critical illness endowment policy, taken out to cover a mortgage on a new house? It is a question for which I still do not have a good answer.

Perhaps most alarming, my experience reveals the arbitrary nature of underwriting and the lack of an agreed set of standards for insurers to operate by.

In October 1993, we decided to buy a house using an endowment mortgage. Our financial adviser proposed using Scottish Amicable – on the basis of reputation, not price; in that regard, there was little to choose between several of the major companies – and, on November 4, we applied for one of its "critical protection" policies. This pays off the loan if the borrower gets any of several potentially terminal illnesses.

By late January, we had everything in place for an exchange of contracts – but there was still no word from the company. We were holding up a sizeable chain and were worried the house might be lost. So, I rang to discover the reason for the hold-up.

Initially, the company blamed my former GP for failing to respond quickly to its medical questions about me. But then I found out that while my wife had been cleared for the critical protection option, I had not.

Why? Because of medical privacy regulations, Scottish Amicable could not tell me. It said it would report to my GP.

In the end, I learnt – from a Scottish Amicable manager – that the hold-up was related to the small growth on my right leg. I told the company I was happy to be examined by its chief medical officer, or to have the cyst removed if need be.

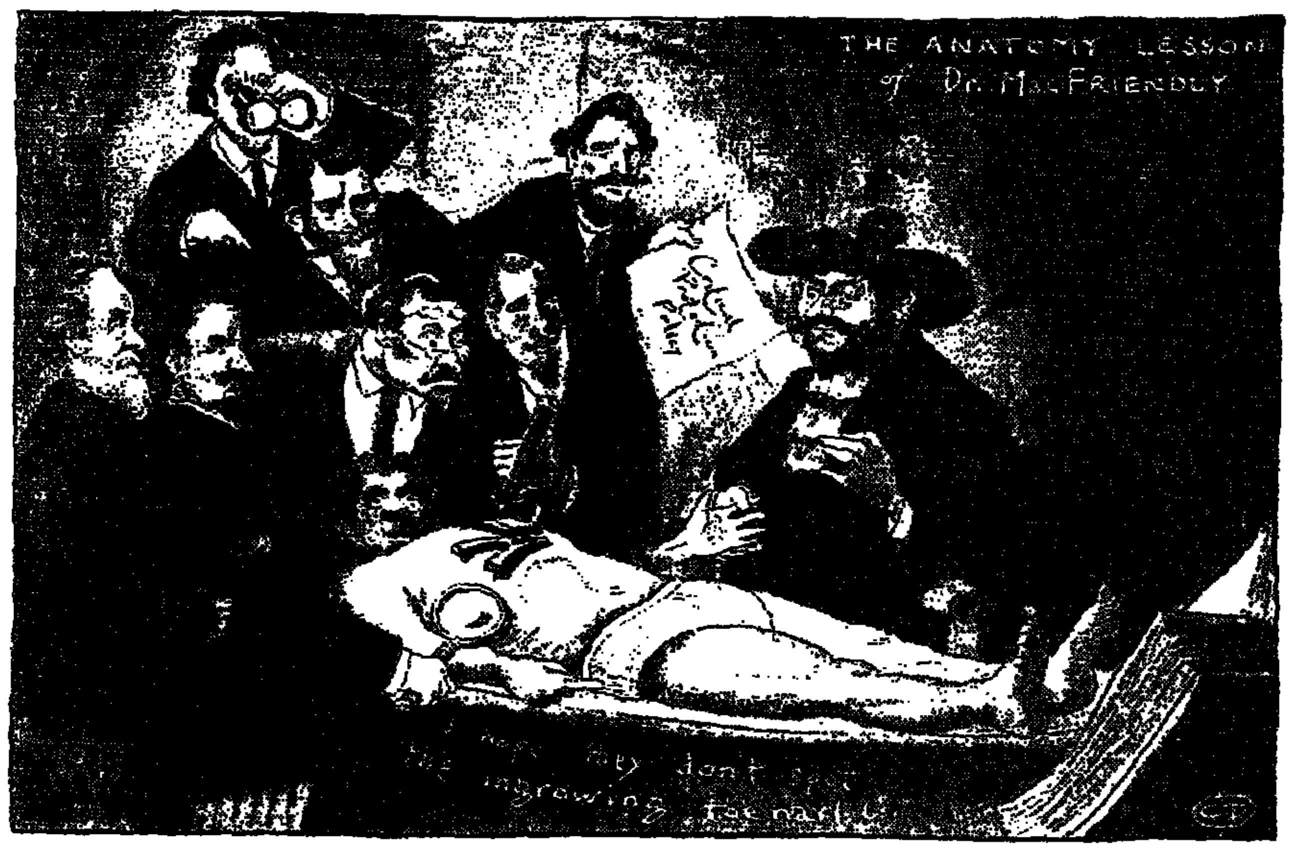
The company told me to go back to my GP and be re-examined. Once again, he pronounced the cyst benign. I imagined our problems were over. Silly me.

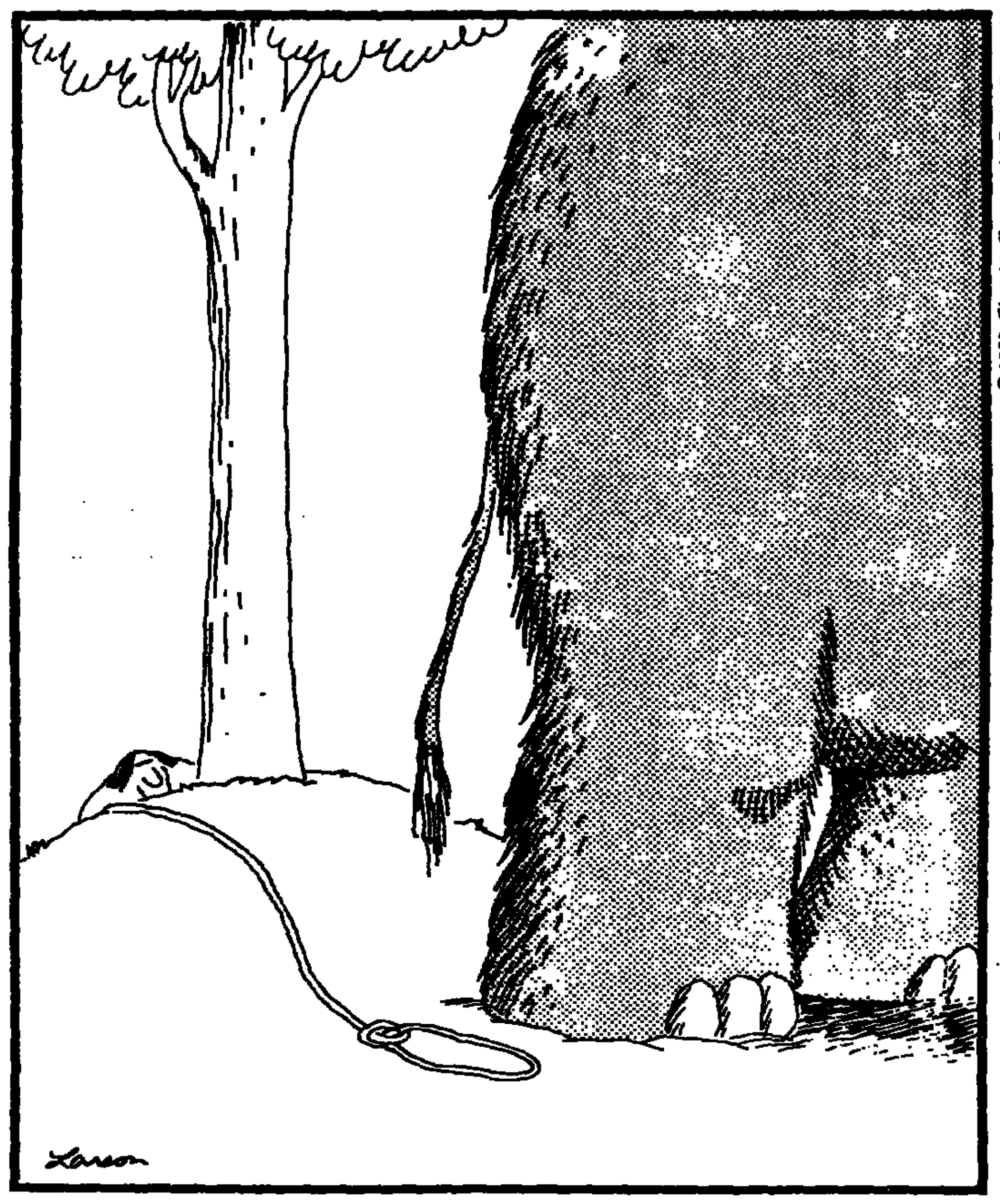
By now, our financial adviser had suggested applying for policies – including critical cover – to two other companies. I did so – and was then staggered to be told that Scottish Amicable *would* grant me critical cover, but only if I paid an additional monthly premium amounting to £10,740 over the 25 years of the policy.

It had taken Scottish Amicable almost three months to arrive at this decision. Yet, within two days of receiving our application, Legal & General had approved it – with no extra premium.

How to explain such vastly different attitudes from superficially similar insurance companies with the same information? I can assume only that, at some level in Scottish Amicable, there is an assumption that people desperate to exchange contracts on homes will cave in easily.

If so, it is *not* a very amicable policy at all.





Longer-term loans in demand

New fixed-rate mortgages

Lender	Rate % (APR)	Fixed period	Loan to value	Fee	Redemptn penalty	Special offers
Abbey National	6.49 (6.8)	30/6/96	95% max	£250*	60 days	-
	7.25 (7.6)	30/6/97	95% max	£250*	90 days	-
	7.55 (7.9)	30/6/98	95% max	£300*	120 days	-
Barclays	7.59 (7.9)	28/2/97	95% max	£300	variable	‡
	8.49 (8.9)	28/2/99	95% max	£300**	6 mnths	-
	7.99 (8.3)	28/2/99	95% max	£200	6 mnths	FTB only
	8.99 (9.5)	29/2/04	95% max	£400**	7 mnths	-
Britannia bs	4.95 (5.3)	1/5/95	95%♣	£100	60dys+£150	FTB only
	6.50 (7.0)	1/5/96	95%♣	£200	90dys+£200	-
	8.25 (8.9)	1/5/99	95%♣	£275	90dys+£350	-
Cheltenham & Gloucs bs	8.49 (8.9)	five yrs	95%	£250	variable	♠
First Mortgage Secs	6.25 (6.6)	31/1/97#	75%	£250	3 mnths#	-
Halifax	6.99 (7.4)	31/1/96	95%	£150	3 mnths§	cash
	7.49 (8.0)	31/1/97	95%	£200	3 mnths§	incntve
	7.99 (8.6)	31/1/98	95%	£250	variable	of up
	8.49 (9.1)	31/1/99	95%	£250	variable	to
	8.99 (9.7)	31/1/04	95%	£250	variable	£500
Lloyds	4.99 (5.2)	31/5/95	95%	£250	3 mnths	FTB §§
	6.99 (7.3)	31/5/96	95%	£250	3 mnths	-
	7.99 (8.4)	31/5/99	95%	£250	3 mnths	-
	8.99 (9.5)	31/5/04	95%	£250	6 mnths	-
	9.5 (10.1)	31/5/09	95%	£250	10 mnths	-
	9.5 (10.1)	31/5/14	95%	£250	10 mnths	-
	9.5 (10.1)	31/5/19	95%	£250	10 mnths	-
Nationwide	6.89 (7.4)	2 years	95% ♣	£250 ⁑	3 mnths	⁑⁑
	7.69 (8.3)	3 years	95% ♣	£295	variable	
	8.79 (9.5)	5 years	95% ♣	£295	variable	
	9.29(10.1)	7 years	95% ♣	£295	variable	

*Notes: Abbey National's rates apply to new house purchases. *£30 for first-time buyers. ‡ valuation fee refunded on completion if application made by May 3; **£100 returned if life insurance-related policy. ♣lower rate if loan to value is less. ♠ no valuation fee payable; borrowers interviewed in a C&G branch receive £50 off moving costs on mortgage completion. #Rate also offered as capped, minimum loan term is 10 years; one month's interest early redemption penalty in variable-rate period. § until 31/7/97. §§ Conditional on insurance-related product. †Refunded with valuation fee if application before May 31 1994. ⁑£95 for FTB; ⁑⁑free valuation for loan to value of up to 85% + £400 cashback; £200 cashback for loan to value of 85%-95%.*

Fixed rates continue to rise, says ***Scheherazade Daneshkhu***

Fixed-rate mortgages are continuing to move upwards because of a general rise in fixed interest rates. Halifax's latest rates are roughly half a percentage point higher, Abbey's are between 0.3 and 0.4 of a point higher, while Lloyds bank has raised most of its fixed rates by 0.74 of a point.

The highest rises, according to Walter Avrili of mortgage broker John Charcol, are concentrated in the three- to five-year fixed rate market. "After months of rates coming down, fixed rates have been increasing, and we may find there was a window of six months when five-year rates dropped to an exceptionally low level," he adds.

Halifax and Nationwide, the two largest building societies say five-year fixed rates have been increasing in popularity at the expense of those over two and three years. Until recently, most five-year fixed rates had been at, or below, the standard variable rate of 7.64-7.74 per cent. But the table shows that new five-year rates are now above this level.

Most of those listed are at 8.49 per cent (Barclays, Cheltenham & Gloucester, Halifax) but Lloyds bank is offering a five-year fix at 7.99 and Britannia one at 8.25 per cent.

Some lenders are giving special offers, such as cash refunds and free valuations, but terms can vary substantially. C&G no longer charges a valuation fee and Abbey National will refund the valuation fee on completion. At Nationwide, you need a 15 per cent deposit to escape the valuation fee.

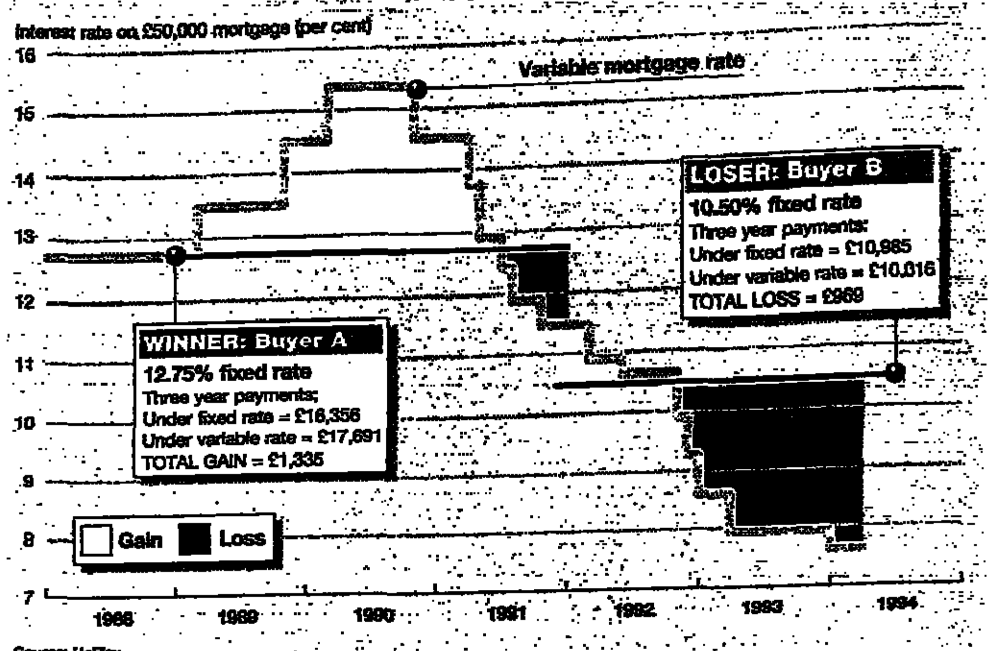
Barclays bank has introduced a new system of charging the early redemption penalty, initially on its three-year fixed rate only. The penalty *will be based on the amount of* time the fixed rate has run and the level of interest rates when the early redemption is made.

Other lenders, such as C&G, Halifax and Nationwide already reduce the size of the penalty in the later years of the fixed rate term. On the other hand, Halifax charges three months' gross interest beyond the term of its two- and three-year fixed rates. "We want customer loyalty and at least a three-year relationship with a customer," the society says.

Should borrowers wait to see if fixed rates will fall before making a move? The illustration shows how important timing can be when it comes to fixing your mortgage, although fractional changes in fixed rates will not make a significant difference.

"Without a crystal ball, no one knows whether fixed rates will fall back to the same levels," says Avrili. "There could be another window later this year, but borrowers should ask themselves if it is worth taking the risk of waiting and then finding rates continuing to move up."

Winners and losers in the fixed rate gamble



Source: Halifax

The chart shows Halifax's variable mortgage rate from 1988 to March 1994. Buyer A took out the society's three-year fixed rate of 12.75 per cent in June 1989 and escaped the rise in variable rates up to 15.4 per cent. Total interest payments on his £50,000 mortgage over the period (including the £100 arrangement fee) came to *£16,356, £1,335 less than he would have had to pay with a variable-rate mortgage.* Buyer B decided to fix in November 1991 and got 10.5 per cent over three years. But the drop in variable mortgage rates since then means that he would have better off by £969 (until March 1994) if he had stayed with the variable rate.

Heading towards the acid test

An occasional series by ***Leslie McClements*** *on developing a pension portfolio*

My pension portfolio grew by 59 per cent during 1993. By late January, it was up by a further 5 per cent. But the tightening of US monetary conditions early in February led to higher yields and lower capital values. Due to this and other uncertainties, the portfolio had fallen back to year-end levels by the end of March.

During the first quarter of 1994, the FT-SE-A All Share index, adjusted for gross dividends, declined by 6 per cent. The portfolio's better performance reflects its weighting of high-yielding shares which were less affected by the general downturn. Even so, the scheme is vulnerable to higher interest rates.

Does the recent rise in medium-term interest rates herald an upward trend? The consensus is that short-term rates will bottom out during 1994. Some pundits say this happened in January but, with low UK inflation, moderate growth and lower German rates in prospect, it could be late 1994 or possibly 1995 before we see a sustained increase.

As many of the interest-sensitive stocks give very good yields, I want to keep them until just before the upturn. Sphere and Fleming International High Income investment trusts are at substantial discounts to net asset values: their winding-up options in October 1995 and 1996 respectively should support prices. Exmoor Dual, Abtrust Preferred Income and Bristol & West Pibs (permanent interest-bearing shares) are higher priorities for disposal.

The holding in T.R. Property was sold in January to produce a gain of 126 per cent. Part of the proceeds was invested in Artesian Second Commercial, an unquoted property investment company which should give a better yield. Its older sister company, Artesian Commercial, plans to pay a dividend of 12 per cent. An independent valuation of its properties shows a 40 per cent increase on the original equity investment.

The balance of the T.R. Property proceeds was invested in Redland. It yields more than 5 per cent and should benefit from continued recovery in European economies over the next couple of years. Construction companies like Laing, AMEC and Wimpey were considered as alternative late-cycle recovery prospects. But these shares all have lower yields, and prices in this sector rose sharply during January, so this opportunity could have passed.

The position at Queens Moat Houses remains unclear. I wrote down the 7.5 per cent convertible stock to 1p a share in December – any improvement on re-listing will be a bonus. With the change in management, Pentos recovered to 38p in mid-March. But with poor dividend prospects and the possibility of a rights issue (confirmed recently), these shares were sold, giving a 31 per cent loss.

The Pentos proceeds and accumulated dividends were invested in Northern Foods. This company provides a good yield and should have a limited downside, with prospects for capital growth.

Several readers have asked for further details of small self-administered schemes. My SSAS is a hybrid scheme run by an assurance company – there is a good general description in the Allied Dunbar *Pensions Guide*. It charges £325 plus VAT for its services as pensioner trustee and requires a minimum contribution of £5,000 to its unit-linked pensions.

Some stockbrokers and investment managers offer similar arrangements without the insurance element. These generally involve an initial fee plus larger annual charges (£1,000 and £400 respectively in one case), and higher stockbroking commissions. Self-invest personal pensions give many of the SSAS advantages for an initial fee of around £300 and a similar yearly charge.

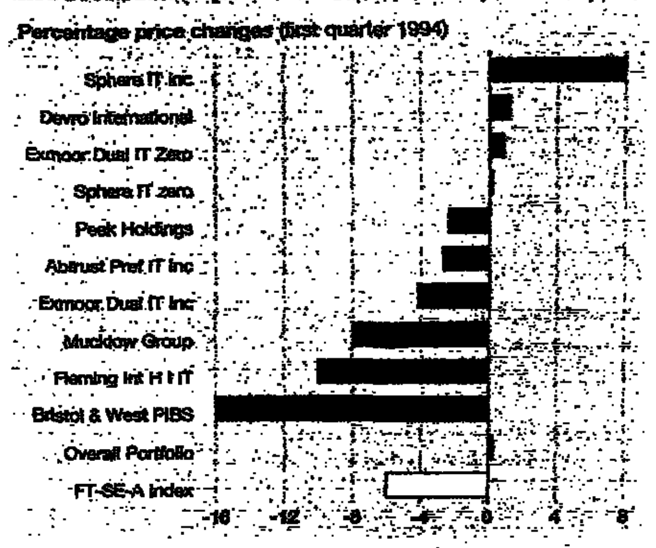
The annual overheads for a SSAS range from £450 upwards. Large annual pension contributions (£10,000 or more for at least 10 years) or a sizable fund (£0.1m or more) usually are required to spread these fixed costs. But a smaller scheme can be justified by superior investment performance or some other advantage, such as property purchase for business use.

In establishing my scheme, I aimed to contain costs within the 1 per cent fund management fee which would arise with a personal pension, and to achieve similar investment returns.

Both objectives have been exceeded to date, but the final retirement fund will provide the acid test.

■ *Leslie McClements is an economic consultant. His first article appeared on January 8.*

McClements' portfolio



FINANCE AND THE FAMILY

Simplicity – that's the secret

Robert Langley & Co: 12th in a series on fee-based advisers

Douglas Skene practised as a chancery barrister before entering financial planning but, clearly, he did not choose a career as an independent financial adviser (IFA) because he considered this to be less taxing than the law.

Skene founded Robert Langley & Co., a fee-based adviser in Leicester, in 1989 after working for the financial group Schroders and a firm of advisers in London. He says: "In my view, genuine comprehensive *financial planning* is extremely difficult, and perhaps the majority of the financial services industry has never accepted that. I think that is why some stockbrokers, accountants and merchant banks have failed when they have tried to set up financial planning arms.

"Also, there is an enormous shortage of technically qualified people with the right skills to provide financial planning. If we could find these people, we would have no difficulty in finding the clients."

Skene is an associate of the *Institute of Financial Planning* and praises the standards it sets. "If everyone in the industry had to do the IFP exams, it would be a very good industry," he says. "There is no doubt about that."

He also believes that better use could be made of technology to raise standards among IFAs. "The advent of computer technology has offered us the opportunity of doing what would previously have taken us a very long time to do, but I am not sure that any of the financial planning software is really satisfactory.

"It all comes down to simplifying something that is quite complicated. I think I know what is required and I have, effectively, written the data base for it."

Skene aims to provide clients with a total planning service in which he looks at all aspects of their financial lives, although he does not use his legal background to usurp the solicitor's role. "I get involved in trusts and wills and service contracts and staff benefit legislation, but I don't myself compete with solicitors. What I do is act as a catalyst, putting the jigsaw together.

"When I went into the industry, I was very surprised that there were not more people offering genuinely comprehensive *financial planning* advice. There is a very big demand for this, although this demand is not generally perceived."

At present, Skene is splitting his business so that there is a clear division between what he considers to be the two separate stages of client advice. He argues: "I think one should first look and see what should be done. Having agreed that, one should look at the advice. I think this is a very important distinction, and I think clients find it attractive to separate the non-generic from the generic advice."

Robert Langley & Co. is a member of the Burns-Anderson Independent Network, which was founded in 1988 under the chairmanship of Sir John Harvey Jones and acquired by its 150 member firms a year ago in a management buy-out. The cornerstone of the network's business is its research and its computerised best advice system which, it claims, is unique. It also deals with compliance matters for members and provides them with the underpin of indemnity insurance.

Skene says: "Burns-Anderson provides us with best advice research and they collect commissions where commissions arise. At the end of the day, what they give me is the research upon which I can make my decisions for clients."

Although Robert Langley is based in Skene's home county of Leicestershire, the clients are not confined to the shires. The majority arrive after either personal recommendation or professional – say, from an accountant or solicitor. Skene says most "tend to be on the wealthy side. But I have those who have very little income. It is extremely rare that I think there is really nothing I can do for a client."

The firm's hourly rates range from £100 to £150. "I think, at the end of the day, that clients will realise the importance of going to a fee-based adviser," says Skene. "Would you go to a doctor who made a living out of commissions on pills and medicines?"

First step for all clients is a meeting to discuss their general situation and priorities. Clients are seen by Skene or Hamish Leng, the firm's other adviser, in the Robert Langley offices or at their homes.

Skene says: "I suspect clients come to us in most cases because they have a feeling that, in some ways, their financial affairs need direction and focusing. There is a basic contradiction. People are very concerned about their financial circumstances but very lethargic about doing anything about them."

After the first client meeting, Skene assesses the information and might then arrange a further meeting "to delve more deeply into what clients are trying to achieve. I will then try to spell out more specifically what I feel their options are.

"After this second meeting, I would probably write them a report. I have a set way of doing that, which I think is very readable." All clients are seen at least once a year.

Robert Langley does not run a managed fund service. It either uses other investment managers or invests on behalf of clients on an advisory basis. Skene says: "If I have done my job properly, I should have got to a stage where the recommendations I make are ones that clients will agree to. When I go wrong, it is because I have not appreciated the clients' views." He adds: "If I have learned anything in this business, it is that every client is very different."

Joanna Slaughter

The Independents

Douglas Skene

Name of financial adviser:	Robert Langley & Co
Address of head office:	Snowden Lodge, North Kilworth, Leics LE1 7 6NE
Date firm was established:	August 1989
Regulator:	Fimbra
Funds under management:	£20m
Number of clients:	350
Number of offices:	3
Minimum investment accepted:	No minimum
Services offered:	Comprehensive financial planning
Fees:	£100 to £150 an hour

Directors' transactions

Shares in **Abbott Mead Vickers**, the advertising and sales promotions group, have been performing more strongly since the start of 1994. Three directors, including the chairman and chief executive, sold a total of 477,000 shares between the end of March and the first week of April at prices between 650-674p. Each retains a sizeable quantity of stock.

□ **Bolton Group**, capitalised at just over £3m, is one of the smaller players in the property sector. At present, it is a shell but its status apparently is about to change as the old guard gives way to new blood. Chairman Ivor Golethka, is resigning and his sale of 1.5m shares is a part of this process.

□ **Isotron**, involved in gamma radiation processing, announced results at the end of February; these showed a modest improvement on the same period last year. The transaction carried out by five members of the board breaks down into three straightforward sales and two instances of directors exercising options and selling 100 per cent of their ordinary shares.

Vivien MacDonald, The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Abbott Mead	Mdia	477,000	3215	3
Amstrad	E&EE	60,000	20	1
Bolton Group	Prop	1,515,150	500	2
Cadbury Schweppes	FdMa	11,000	51	1
Channel Holdings	E&EE	43,000	26	1
Clinton Cards	RetG	200,000	320	2
Croda International	Chem	23,571	85	1
Eastern Electricity	Elec	121,107	810	1*
Embassy Property	Prop	2,360,000	30	1
English China Clays	Extn	84,677	413	1*
Forminster	Text	50,000	350	1
Goode Durrant	Tran	90,000	153	1*
Headlam Group	Dist	25,000	57	1
Hepworth	BM&M	50,000	193	1
Indepndnt Newspapers	Mdia	40,000	206	1
Isotron	Hlth	76,000	230	5*
Jeyes Group	HseG	38,581	137	4*
Johnson Matthey	Eng	8,305	50	1*
Kewill Systems	SSer	12,000	29	1
London Electricity	Elec	4,000	24	1
Low & Bonar	PP&P	10,508	43	1*
Macro 4	SSer	44,350	286	2*
Marshalls	BM&M	30,000	38	1*
Morrison (Wm)	RetF	19,250	23	1
Pressac Holdings	E&EE	15,882	15	1*
Schroders	MBnk	22,580	261	2*
Scottish&Newcastle	Brew	30,000	157	1
Smith, (WH)	RetG	72,689	389	1*
Spirax Sarco	Eng	5,000	20	1
The Telegraph	Mdia	15,000	90	1
Thorpe, (FW)	E&EE	19,000	36	2
TT Group	Divl	50,000	183	1
Volex Group	E&EE	5,000	23	1
Wagon Industrial	Eng	5,000	25	1
Westland Group	Eng	339,202	1123	2*
Wetherspoon (JD)	Brew	14,300	49	1
PURCHASES				
Aberforth Small Co	InvT	30,000	44	1
Antofagasta Hldgs	DiM	7,250	98	1
Ass.British Ports	Tran	2,000	11	1
Eastern Elec.	Elec	11,000	72	1
Electra Invst Trust	InvT	10,000	31	1
Evans of Leeds	Prop	56,294	37	2
Frogmore Estates	Prop	15,000	66	1
House of Fraser	RetG	28,000	50	3
Neotronics Technlgy	Eng	30,000	26	2
Shanks & McEwan	OS&B	65,000	56	2
Symonds Engineering	Eng	197,000	65	1
Takare	Hlth	83,000	202	1
Wyko	Dist	120,000	54	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 5-8 April 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

Staff share rules eased

Government acts to boost ownership scheme, reports **David Cohen**

Law changes announced over the past few weeks will make it much easier for companies to set up and operate employee share ownership trusts (ESOTs).

An ESOT is a vehicle through which company shares can be bought and *distributed among staff*. The scheme is based on a successful US model called the employee stock ownership plan and was introduced by the former chancellor of the exchequer, Nigel Lawson, in his 1989 Budget.

Corporate contributions to an ESOT are tax-deductible and, in certain circumstances, a shareholder who sells to an ESOT can defer capital gains tax by rolling over the sale proceeds into other assets. Despite these attractions, the scheme has flopped, and the grand total of ESOTs is barely in double figures.

One reason is a widespread perception by employers that the rules are too strict. They require all staff to be offered similar benefits and the majority of an ESOT's trustees to be chosen by employees.

Another criticism has been the requirement that shares acquired by an ESOT must be passed on to employees within seven years. To counter this, Finance Bill clauses accepted recently by the government have increased the period to 20 years.

Other Finance Bill changes end the need for a majority of trustees to be employees. Instead, there can now be a 50/50 split between workers and others, with a casting vote held by a lawyer – or another professional – selected by the trustees themselves.

(The Inland Revenue refers to this as a "paritarian" trust – a word which appears until now to have escaped the notice of dictionary writers and trust lawyers alike).

In addition, the process of selecting staff representatives is being simplified. Until now, employees could become a trustee only if they were backed by more than 50 per cent of fellow workers.

The new regime utilises a first-past-the-post voting system similar to that for UK elections. It means that even if only 200 of 1,000 workers cast ballots, the candidate with the most votes will be elected.

A further factor holding back ESOTs has been concern that directors or employees acting as trustees might be committing a criminal offence under the Financial Services Act. But the Treasury has now decided that all ESOTs should be exempted automatically from the "collective investment scheme" provisions of the Act.

These changes are a clear acknowledgement that ESOTs have been a big *disappointment*. But, with the main deterrents removed, all companies committed to wider employee share ownership should be taking a fresh look at the scheme's potential benefits.

■ *David Cohen is a partner in the City law firm of Paisner & Co.*

Pibs level out after plunge

After undergoing sharp price falls earlier this year, most prices of permanent interest-bearing shares (Pibs) have dropped more gently *since the Weekend FT last pub*lished the table on February 26, *writes Scheherazade Daneshkhu*. "The market has stabilised in line with the gilt edged market and, with the return of confidence, has seen a re-emergence of yield-based buyers," says David Barker of broker Hoare Govett.

Pibs are issued by building societies to raise capital, but they are not the type of share that gives investors part of a company's assets. Instead, they are loans from the investor to the society. They have no redemption date and are, therefore, designed to pay a fixed income indefinitely. Because of this, investors can get back their capital only by selling in the stock market.

They have been popular with private investors because of the relatively high income they can provide: the table shows present yields which are between 9.36 and 11.27 per cent. But if the building society were to collapse, Pib investors would rank behind all others for repayment. There is no compensation scheme to protect them, either.

Robin Boyle, of London-based stockbroker Dunbar, Boyle & Kingsley – which puts together a portfolio of Pibs now *yielding 10.4* per cent after expenses – says that one way of reducing the risk of capital loss is to include zero coupon preference shares in the portfolio. The Pibs produce the income while the zeros (which do not pay income) provide *capital growth for the fund.* Exeter Fund Managers has packaged this idea in a unit trust.

PERMANENT INTEREST-BEARING SHARES

Stock	Coupon (gross %)	Minimum (£)	Issue date	Issue price (pence)	Price* (pence)	Yield* (gross, %)
Birmingham Midshires	9.38	1,000	16/12/93	100.17	92.00	10.19
Bradford & Bingley	13.00	10,000	30/9/91	100.20	129.88	10.00
Bradford & Bingley	11.63	10,000	29/6/92	100.13	117.00	9.94
Bristol & West	13.38	1,000	11/12/91	101.79	125.25	10.67
Bristol & West	13.38	1,000	31/10/91	100.34	125.25	10.67
Britannia (1st)	13.00	1,000	13/1/92	100.42	125.75	10.34
Britannia (2nd)	13.00	1,000	8/10/92	107.13	125.75	10.34
Cheltenham & Gloucs	11.75	50,000	21/10/92	100.96	117.25	10.02
Coventry**	12.13	1,000	28/5/92	100.75	115.75	10.48
First National	11.75	10,000	4/5/93	100.25	104.25	11.27
Halifax	12.00	50,000	23/1/92	100.28	124.50	9.64
Halifax	8.75	50,000	7/9/93	100.62	93.50	9.36
Leeds Permanent	13.63	50,000	3/6/91	100.00	136.50	9.98
Leeds & Holbeck	13.38	1,000	31/3/92	100.23	126.00	10.62
Newcastle	12.63	1,000	8/9/92	100.45	118.25	10.68
Newcastle	10.75	1,000	15/6/93	100.32	102.13	10.53
North of England	12.63	1,000	23/6/92	100.14	117.00	10.79
Skipton	12.88	1,000	27/2/92	100.48	119.75	10.75

Source: Hoare Govett. *Purchase price at mid-day April 13; excludes accrued interest **Includes stamp duty payable on Coventry pibs only

Rates drop

Many larger building societies have been lowering their variable rates in recent weeks. The trend continues with the Leeds Permanent reducing its rates on Bonus Gold, Solid Gold and Tessa. Smaller societies have begun to follow: Hinckley & Rugby has dropped its Tessa rate to 7.35 per cent. Even at this figure, though, it still heads the table.

New headline rates are being introduced to attract savers to longer-term fixed products. Newcastle has launched a market leader paying 8 per cent yearly (7.75 per cent monthly) from £5,000. Northern Rock, its local rival, responded by introducing a £15,000 tier to its Postal Bond paying 7.75 per cent monthly. Monday will see Britannia launch a five-year fixed bond paying 8.25 per cent annually, which will make this the market leader. Again, a monthly option is available.

Escalator bonds have been introduced this week from Norwich & Peterborough and Portman. The best rates are available from Cheshire and Leeds & Holbeck, both paying from 6 per cent in the first year to 10 per cent in the fifth.

The most noticeable firming of fixed rates has been on the Guaranteed Income Bond front. After being in the doldrums for many months, net rates have increased by more than 1 per cent on many five-year bonds in recent weeks. NatWest Life has increased them several times, giving it market-leading rates at £5,000.

Premium Life and Consolidated have increased their rates and are top for lower deposits, on one and four-year bonds respectively. The best rate on a five-year bond comes from Eurolife, paying 6.60 per cent net from £10,000. This is equivalent to 8.80 per cent gross to a basic-rate taxpayer, making it more than a match for similar build*ing society accounts*.

Christine Baylis,
Moneyfacts

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Teachers'BS	Bullion Share	0800 378669	Instant	£500	6.00%	½Yly
Manchester BS	Money by Mail	061 839 5545	Postal	£1,000	6.00%	Yly
Leeds & Holbeck BS	Albion	0532 438292	Postal	£10,000	6.45%	Yly
				£25,000	6.60%	Yly
NOTICE A/cs and BONDS						
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	6.60%	Yly
Tynemouth BS	Quay	091 257 5366	90 Day	£15,000	7.00%	Yly
Chelsea BS	Fixed Rate Bond	0800 272505	30.6.97	£10,000	7.60%F	Yly
Britannia BS	Fixed Rate Bond	0538 391690	1.6.99	£2,000	8.25%F	Yly
MONTHLY INTEREST						
Manchester BS	Money by Mail	061 839 5545	Postal	£5,000	5.84%	Mly
Northern Rock BS	Postal 7	0500 505000	7 Day(P)	£10,000	6.35%A	Mly
B&W Asset	Monthly Income	0800 303330	90 Day(P	£10,000	6.64%	Mly
Britannia BS	Fixed Rate Bond	0538 391690	1.6.99	£2,000	8.00%F	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£3,000	7.35%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.30%	Yly
TSB		Local Branch	5 Year	£250	7.25%	Yly
Cheshire BS		0800 243278	5 Year	£3,000	7.25%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75%	Yly
UDT	Capital Plus	081 447 2438	Instant	£1,000	4.75%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Portman CI Ltd	Fixed.Int.Bond	0481 822747	1Yr.Bond	£500	6.00%F	OM
Confederation Bank (J'rsy)	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
Derbyshire (IOM) Ltd	90 Day	0624 663432	90 Day	£50,000	7.15%	Yly
GUARANTEED INCOME BONDS (Net)						
Premium Life FN		0444 458721	1 Year	£1,000	4.70%	Yly
NatWest Life FN		Local Branch	2 Year	£5,000	5.30%	Yly
General Portfolio FN		0279 462839	3 Year	£20,000	5.90%	Yly
Consolidated FN		081 940 8343	4 Year	£2,000	6.50%	Yly
Eurolife FN		071 454 0105	5 Year	£10,000	6.60%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%	Yly
	Income Bonds		3 Month	£2,000	6.50%	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%F	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = 7 days loss of interest on all withdrawals. C = Rate guaranteed to be 2.25 per cent above base rate until 1.9.94 (min 7.50 per cent) and then 1 per cent above until maturity.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

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FINANCE AND THE FAMILY

■ NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Gross Yield %	PEP Qual	Savings Schemes Avail.	Charges outside PEP – Initial %	Annual %	Other %	Minimum Invst. £	Charges inside PEP – Initial %	Annual %	Other %	Minimum Invst. £	Special offer – Discount %	Period
■ **Govett UK Safeguard Fund** John Govett (071 378 7979)	UK General	0	No	Yes	4.5	1.0	No	1,000	n/a	n/a	n/a	n/a	No	None
Aim is to track the FT-SE 100, incl dividends, using options to protect against sharp falls. Good idea from experienced house but can't be Pepped														
■ **Guinness Flight Income Share Trust** Guinness Flight (071 522 2111)	UK Equity Inc	8.0	Yes	No*	5.0	1.0	No	1,000	2.0	1.25	3-1**	1,000	§	18/4/94-29/4/94
Like Exeter High Income, the trust will invest in income shares of split capital investment trusts for the yield; expect very little capital growth														
■ **Murray Blue Chip Fund** Murray Johnstone (041 226 3131)	UK Growth	2.7	Yes	Yes	1.0	1.5	No	1,000	1.0	1.5	No	1,000	No	None
Devised originally for clients of Maclay Murray & Spens solicitors, this is a low cost entry into equities. Can go up to 25% in fixed interest														
■ **Warrant Portfolio Trust** Hargreaves Lansdown (0800 850661)	International Growth	0	No	No	5.75	1.5	No	2,500	n/a	n/a	n/a	n/a	‡	11/4/94-29/4/94
A high risk fund investing in all types of warrants and not just those of investment trusts. The potential rewards are in the gearing but so is the risk.														
■ **Extra Income Trust** Abbey Life (0202 292373)	UK Balanced	7.25	Yes	No	6	1.5	No	3,000	6	1.5	No	3,000	1	21/2/94-29/4/94
A high income fund using derivatives to boost income to 2% above base rates, capped at 13% ; do not expect capital growth														
■ **Managed Income Trust** Abbey Life (0202 292373)	Fund of funds	4.6-4.8	Yes	No	6	1.5	No	3,000	6	1.5	No	3,000	1	21/2/94-29/4/94
Pays income monthly and invests in up to 7 unit trusts. About half the investment is in fixed interest funds.														

**Savings scheme only available through Pep. **Withdrawal charges of3% in first year; 2% in second and 1% in third; §Initial charge 4% outside Pep . ‡Fixed price of 10p for units in the offer period.*

■ NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets – Size £m	Targets – Yield %	PEP Qual?	Savings Scheme	Issue Price P	Minimum NAV P	Outside PEP – Minimum Invst. £	Outside PEP – Annual Charge %	Inside PEP – Minimum Invst. £	Inside PEP – Annual Charge %	Offer Period
■ **International Biotechnology Trust** Rothschild (071 280 5000)	R Fleming	Smaller Cos	1:5	100	n/a	Prt	Yes	100p	98.5p	1,500	1.65%	n/a	n/a	12/4/94-28/4/94
New fund in a high risk area, investing in small, often unquoted, companies around the world with potentially profitable ideas														
■ **Johnson Fry European Utilities** Johnson Fry (071 321 0220)	Smith New Court	Split Capital	No	30	6%	Yes	No	100p	n/a	3,000	0.6%	3,000	£30	16/5/94-7/6/94
Pan-European version of Johnson Fry's two high-yielding UK utilities trusts, launched last year														
■ **Templeton Latin American Investment Trust** Templeton (0800 272726)	Cazenove	Emerging Mkts	1:5	50+	n/a	No	Yes	100p	96.5p	2,000	1.25%	n/a	n/a	31/3/94-22/4/94
The third new Latin American fund this year; this one is led by Mark Mobius, the force behind Templeton Emerging Markets														
■ **Undervalued Assets Trust** Scottish Value Mgt (031 229 1100)	James Capel	UK Growth	no	40-50	n/a	Yes	Yes	100p	96p	2,000	1%	n/a	n/a	6/4/94-20/4/94
Based on detailed research to find UK companies whose worth is underestimated by the market														

Relief on CGT

The table below shows how the new £10,000 transitional CGT indexation relief might apply. (See Serious Money on page II).

The concession allows the investor to obtain relief for losses attributed solely to indexation on sales of assets made between November 30 1993 and April 5 1995. Such losses had been disallowed by the November Budget.

The concession will benefit only those with enough unrelieved capital gains to need the relief. And they will have a fresh incentive to bed and breakfast suitable shares before April 6 1995.

CGT indexation Example		1993/94	1994/95
Chargeable gains		14,800	9,800
Allowable losses (excluding indexation losses from Nov 1993		-2,000	
		12,800	
Annual exemption assume unchanged for 1994/95		-5,800	-5,800
Taxable gains before relief		7,000	4,000
		7,000	4,000
Indexation losses (ie losses attributable to indexation) on sales from Nov 30 to April 5: 12,000			
Relieved in 1993/94		-7,000	
Indexation losses on sales 1994/95:	6,000		
Add unrelieved 1993/94: 12,000 - 7,000	5,000		
	11,000		
Limited to max	10,000		
Balance of indexation loss to claim for 1994/95: 10,000 less '93/94 7,000		–	3,000
Gains on which tax is payable		–	1,000
		–	1,000

Source:Touche Ross

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Transfer ban

I am working abroad and sent recently for further details of a new investment trust advertised in the *FT*. I received a brief reply saying it was "not permissible to despatch offer documentation outside the UK." It suggested that, if I was a British national I could make arrangements through a UK financial adviser. I did not have this problem when investing in unit trusts from overseas a few years ago.

■ Your problem is a comprehensive ban on the sponsoring company, or the newly-launched company itself, inviting people outside the UK to subscribe to a new offer unless it is approved by the non-UK country. You could make arrangements to buy the investment trust shares through a UK financial adviser as it, and not you, would then be making the offer to purchase units. *(Answer by Murray Johnstone Personal Asset Management Ltd).*

Repaying a father

I am a single woman of 27 in full employment. My father has offered to lend me £60,000 for a mortgage. I will be paying it off over 20 years and will also pay him interest. Are there any tax implications?

■ Your father will be taxed on the interest. You will be entitled to tax relief (at 20 per cent for 1994-95 and 15 per cent for 1995-96 onwards) on half the interest. The terms of the loan should be embodied in a formal document which can be prepared by your father's solicitors or your own, who will be able to guide you on the tax aspects.

Win some, lose some

Is a company called Consolidated Tin Mines of Burma Ltd still trading? I inherited 850 ordinary shares in 1958. Are they worth anything? I have also inherited 300 ordinary shares in London & Associated Investment Trust Ltd. Is it still in business?

■ Consolidated Tin Mines of Burma Ltd was dissolved on December 31 1976. We suspect the shares are valueless. At the time of writing, shares in London & Associated Investment Trust Ltd were trading at 42¼p. *(Answer by Murray Johnstone).*

When Simon Topman received a letter from Sweden addressed only to "Mr Whistle, Birmingham" he was not surprised. His company, Hudson's whistles, is familiar to the local post office and Sweden is one of 80 countries where the company's products are sold.

"We have been established so long and our trademark – Acme – is so well-known that it is not uncommon to get people from the other side of the world knocking on our door wanting to buy, or even give us a whistle," said Topman.

The gifts are from elderly users who want to send their trusty whistles back "home" to the little works in Hockley, Birmingham for safe keeping. There they join the Acme hall of fame, just like the gift from the Irish railway guard that arrived a few weeks ago. It was an ancient Acme Thunderer, given to him in 1915 by his father, a gaelic football referee.

"Although it had been used by two men throughout their working lives it was still in excellent condition," said Topman, 40, who placed it alongside the first Acme Metropolitan Police whistles dating from 1870, and some other rare survivors, like the only example of an ill-fated model made to imitate the sound of a tiger. The latter was designed for the British troops in the Burma campaign of 1941-2 to scare the Japanese.

"There was nothing wrong with the sound the device produced but it proved too large to form part of a soldier's kit," Topman said.

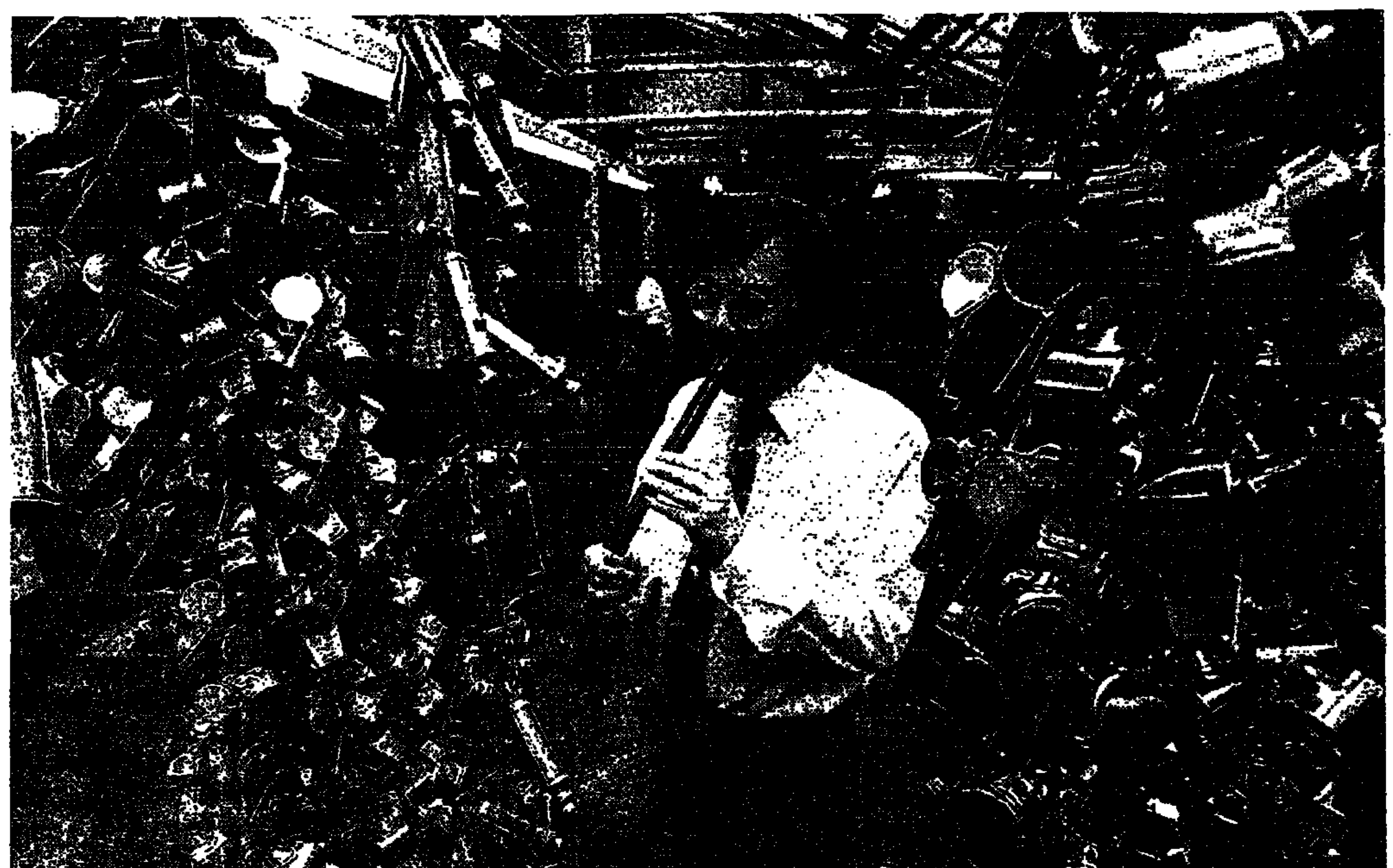
The tale of the Irish railwayman's whistle underlines Topman's worst headache. "I don't like to blow my own whistle too much but our brass whistles don't wear out," he said.

Topman's best hope is that the owners either lose their whistles or opt for one of the cheaper plastic versions, in which case there is a chance they might become soiled or chewed round the mouthpiece.

Not that the metal ones are that expensive. The Acme Thunderer costs less than £3. The price underlines Topman's other headache. To make a good profit from manufacturing such low value items means you have to make – and sell – a lot of whistles.

"In an average year we make and sell about 4m whistles, of which abut half are plastic and half metal," Topman said. To achieve this – and a current net profit of £40,000 – the company turns over £1.5m and Topman does a great deal of travelling.

"We can't really justify a sales force, so I have to be a super-salesman and make frequent visits to our distributors all over the world," he said. "I call them whistle-stop tours. Most of our effort goes into manufacturing. We have a full-time workforce of 58 and, apart from a small amount of foundry work, all the processes are carried out here."



Sales pitch: Simon Topman, managing director of Acme whistles, J Hudson, at the factory in Birmingham — Colin Beere

The mother of all whistlers

Clive Fewins meets the man who makes and sells the famous Acme brand

The factory is a 26,000 sq ft turn-of-the-century building just beyond Birmingham's jewellery quarter. Lurid green floor-to-ceiling tiles in the listed two storey front section of the building give it the look of a Victorian public lavatory. Behind this, in characteristic Victorian Birmingham metal-bashing fashion, the factory mainly comprises a series of ground-floor floor workshops, including the shop where Paul Nicholls band tests every whistle Hudsons make.

"He is the country's only professional whistle tester," said Topman. "We are safe in saying this as we are the country's only whistle manufacturer of any size. I wish I could say I always whistle while I work!"

When Topman is abroad the business is under the control of Mike Sharp, co-director and production manager. The third director is Topman's father, Arthur, 72, who has worked for the company for 37 years and is related to the Hudson family by marriage. He visits the factory for a few hours every week.

Sharp is responsible for putting the trill and the shrill into the 62 different types of whistle Hudsons produce. It is a task in which he finds his clarinet playing ability (Topman is also a musician) useful. It is important that a style of whistle like the Thunderer, that has existed for 101 years, should have a consistent sound, because devotees of a particular type of whistle have an enduring loyalty.

"Calculating the pitch is a skilled business. Surely only a man named Sharp can tell when a whistle is flat!" said Topman.

"Basketball and netball referees, like a whistle with a really high pitch as the crowds are noisy and close to the players. Rugby referees like the more macho sound of an Acme Thunderer number 58, whch has a lower pitch."

The company makes game and bird calls, song whistles, orchestral whistles and sirens used by drummers for producing wind effects. They also sell to sailors, the military, and police forces in the UK and traffic police in the US and continental Europe.

"Only about 20 per cent of sales are in this country," said Topman. "It's not that we are swamped by cheaper foreign competition, simply that the UK market is not big enough to keep us going. We certainly couldn't survive on the UK market alone.

"Likewise we could not survive if we were to reduce our range very greatly. We make all models to order, in batches. No single line is justifiable in its own right, but it is vital to retain the entire range. It is important that our customers, some of whom come to us for several different kinds of whistle, know that we can supply all types. This spread of whistle products also means we can achieve economies of scale, and helps to cushion us against downturns in some segments of the market.

"In the last few years the European sports goods market has been down, but we have been doing very well in the far east – curiously enough in some of the countries that in the past have attempted to counterfeit our products. Nowadays people are often wealthy and successful in some of those countries and their sports referees and police demand the best – or as I like to say, guaranteed sound."

■ *J. Hudson and Co (whistles), 244 Barr Street, Birmingham B19 AH. 021-554-2124.*

Starting up/Garth Wiseman

Family planning

Garth Wiseman was an industrial adviser at the National Economic Development Office until 1992. In 1986 he set up an art dealership, Wiseman Originals, with his wife, Caroline. Now they both work full-time for the company.

There is an important element in setting up a small business which is often neglected. The decision to start a business must be made as part of a family or domestic plan. If both partners in a household work they can plan the business to give it time to reach critical mass. One partner can stay in a salaried job to provide the security of family income while the other sets up the business to provide long-term opportunity. One partner helps to minimise the downside while the other helps to develop the upside for the family.

The mistake that so many entrepreneurs, and their backers, make is to underestimate the time required for a business to become viable. This is invariably the product of enforced over-optimism. There is a school of thought that suggests that to create a business one has to give body and soul. This commitment is a necessary condition but not a sufficient one. Blood, sweat and tears will not bring its own reward. The analysis has to be right, decisions well judged and action properly implemented.

Before my wife and I started our business as print dealers, my wife worked for a gallery on Saturdays for no pay to gain experience and an understanding of the business. I had worked for 25 years as an auditor, bank lending officer and as an industrial adviser at National Economic Development Office and so I had built up an understanding why businesses fail and why they succeed. I had put myself through business school and had trained in marketing and accounting. Between us we not only had a knowledge of the specific business that we were entering but we also had the skills necessary to create and run a successful business.

The keys to the success of our business have been:

■ minimising set up costs and ongoing overheads and bank borrowing,

■ employing of one partner only for the first few years until we reached critical mass,

■ managing the household so one of us was free to see clients whatever the day or time. (We are open 15 hours a day, seven days a week including Christmas.)

During nearly 20 years as an industrial adviser at NEDO I never encountered a company of the size of the family business my wife and I now run, which has a turnover of £300,000. A lot of attention is given to setting up small businesses but there has never been much given to those small businesses, like ours, that are four/five years old and have weathered the recent economic turbulence but which need help and good advice to grow further.

Businesses do not grow in a straight line but in steps. There are points at which a business needs to spend significant amounts of money to be able to expand to the next threshold. For example, we reached the point where we felt we had to invest in computers. We spent £5,000 on equipment and consultancy to enable us to spend more of our time doing business, to allow more people to participate in running the business, to improve our control of the business and the amount of information we had on it.

Banks and government bodies produce fantastic promotional literature about their schemes and facilities for new small businesses but their delivery is woeful. I have found it difficult to obtain advice from any source that gave me a greater insight into our business. Most of the "counsellors" are simply of too low a calibre and their experience is too limited to be of much use to an entrepreneur who has to be proficient in a wide variety of skills and must see the whole picture. When running a new small business the gradualist approach to learning is more useful than the one-off course which encourages people to think mistakenly that they now know all they need to know to succeed.

My preference would be to have a hot line to a selection of experts with whom I could discuss my problems.

The practice of the Prince's Trust of giving unlimited access to a guardian angle is very much along these lines. It is one that government initiatives, whether delivered through TECs or other vehicles, should adopt.

Organisations could help by appointing account managers so that small-company managers can go direct to one individual whatever the nature of the problem.

■ *Wiseman Originals specialises in 20th century lithographs, etchings, screen prints and relief prints. It is at 34 West Square, London SE11 4SP 071-587-0747*

Russian art of the deal

Continued from Page 1

their toasts, "but you understand that we are struggling to build a new country."

Loutchansky was equally circumspect. In a moving toast which left the Ukrainians misty eyed, he spoke of Ukraine as the homeland of his parents and grand-parents and said: "The last months have brought Ukraine a second chance. It cannot afford to lose this chance. Let us drink to the land of my forefathers and hope that finally, at the end of the 20th century it will get a piece of the good life it deserves."

The next 48 hours were a mind-numbing round of similar banquets, beginning with breakfast, interspersed with tense meetings in smoke-filled rooms with Ukrainian officials. But, by the end, both Loutchansky and I had what we came for. He flew back to Vienna a happy man, confident that by the end of March he will have received enough commodities from Ukraine to pay for the oil, and make a handsome profit. And, for me, an interview with Ukrainian President Leonid Kravchuk, whose animosity towards me (I wrote critical articles about him in 1992 and until last month he had refused to speak to the FT) dissolved when Loutchansky acted as intermediary.

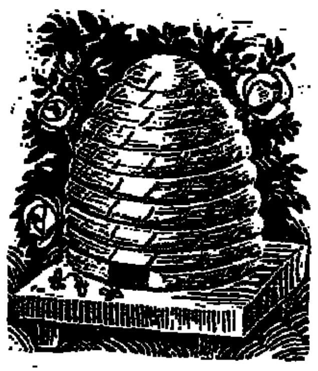
There have been tantalising hints of the more serious tactics which Nordex used to pull off a successful deal with the Ukrainians, who have reneged on contracts with everyone from Merrill Lynch to the Russian government. Ukrahrotekhservice, the Ukrainian state trading company which is Nordex's main partner in Ukraine, has been implicated in a number of shady deals in the past and investigated by the revamped Ukrainian KGB. In a speech to the Ukrainian parliament last autumn the prime minister admitted that some of the oil purchased through Nordex had been re-exported, and it takes a truly passionate Ukrainian patriot to believe that the revenues from those sales went into the Ukrainian government's coffers rather than Swiss bank accounts.

But, for all Loutchansky's unabashed intention to do well by doing good, and Ukrainian government officials' slightly more veiled efforts to feather their own nests – including, in the Ukrainian president's case, a château in Switzerland – the relationship between Nordex and Ukraine shows how, as the old Soviet economy crumbles, a new way of doing business is emerging.

The people of Ukraine no doubt paid a generous premium for the oil supplied by Nordex, but without Loutchansky they could have had a much colder and darker winter. And Loutchansky appeared sincere when he told the Ukrainian officials gathered to pay him homage that: "What matters most is that Ukraine moves to a market economy."

Loutchansky, who dreams that one day Nordex will rival international trading giants such as Marc Rich and Sumitomo, is following the pattern established by the families which made their fortunes in the original wild west. Now that they are rich enough to fly in private jets, many of Russia's nouveau riche are trying to transform themselves into a respected and respectable bourgeoisie. For Gabi, the metamorphosis cannot come too soon.

OUTDOORS



Bees in a cold climate

The workers bring out their dead

*As the snow melts in the Pennines, **Gerry Northam** lifts the lid on his hive and finds signs of life*

When winter reaches the first of its false ends, with a day of unexpected mildness, beekeepers look for a sign that life in the hive goes on. A few pioneering worker bees appear at the hive entrance, toddle out from the warm cluster inside and take short flights. This is the first we have seen of them since early December, when they went into a protective huddle, meditating rather than hibernating in a mass state of reduced animation. In the bitter days and nights of winter, the only safe way to check that they are still alive is to get down on all fours, press your ear to the hive entrance and knock sharply on the side. If a small apian roar goes up like a football crowd then, for the while, all is well. But you still wait anxiously for the weather to turn, hoping to see bees venture out and begin exploring.

It has been a particularly nervous winter for us waiting to learn if our two colonies could survive in a garden perched 1,200 feet up in the Pennines at the very margin of existence for honey bees. When we moved to this altitude the three hives we brought with us died out in a matter of weeks and it was only by catching a local swarm that we had any bees at all. We later divided it to make a second colony and began our winter vigil.

The moment of reassurance arrived relatively early when both hives came alive in the second week of February. They began tentatively, not wanting to risk the lives of too many workers, but within half an hour they were flying out in great numbers and returning from the snowdrops and winter heather with tiny packs of pollen round their legs like thick woollen socks. This was good news because pollen feeds the brood and bees taking it into the hive raise hopes that the queen is in good health and about to begin laying eggs for the Spring.

But this activity was soon brought to a halt by another of the familiar chill downpours which our neighbours in Buxton, Derbyshire, regard as light showers.

It was two weeks before we saw the bees again, but it was worth the wait for what proved to be an extraordinary display. On the last Sunday in February the morning was once again mild and thick snow from the previous week was starting to melt as the elderly bees in both hives started the laborious ritual of bringing out their dead.

One by one they dumped bodies outside their city wall and left them to rot. For a radius of 6 ft from the entrance-board dark corpses stood out against the snow, most of them motionless, some not quite dead and twitching pathetically for a few minutes on an old leg or a frayed wing until, like tiny Geralds in *Women in Love*, their hearts fell silent and froze. For the few hours the snow remained, they made a stark tableau as they lay scattered by the first of the hives' seasonal spectacles of death.

It was a further three weeks before the continuing vigour of life was made equally apparent on opening up the hives and taking a look inside. Lifting the roof from a beehive is an act of Zen which requires alert stillness and a strong veil. I had both as I made my first inspection at the end of March.

Just below the roof the upper box holds 10 frames of comb and was so full of bees that I had to take care not to crush any of them as I lifted the combs one at a time.

Starting at the edge, two frames were still full of last season's honey which the bees are going to need for several weeks yet. Working inwards, a couple of frames had a crescent of white-capped honeycomb at the sides and top, and a dense block of bumpy brown cappings in the centre where the brood was laid, each hexagonal cell holding a growing grub. There were one or two cells where holes had been bitten in the capping from the inside and a little head was struggling to break through. Most of the comb on the next two frames had not yet been capped and when I gently shook the bees off there were hundreds of freshly-laid eggs, proof of an active and prolific queen. Some of the eggs were only hours old, looking like minute grains of rice pointing up from the bottom of their cells, while others had become curved and plump after sitting for a few days in royal jelly. It will take them less than three weeks to grow to full lifesize and emerge as worker bees themselves.

Both hives had the ingredients of success – plenty of brood and good stores of honey. The coming months will show how well they actually succeed here at the edge of survival.

Garden history/**Patricia Morison**

The aphid that made millions

The Dutch are celebrating 400 years of tulips

According to an opinion poll, most Americans do not know where Holland is but they can easily tell you where tulips come from.

Perhaps fewer Americans know the extraordinary history of this bloom, once prized above the riches of princes, now produced for the millions, yet still touched by the magic of its exotic past. Tulip bulbs saved many of the Dutch from death in the darkest years of Nazi occupation, and they have helped to keep them prosperous ever since.

It is understandable that the Netherlands wants to celebrate; it has chosen 1994 as the 400th anniversary of the flowering of tulips flowered in the Dutch province of Holland (no matter that the date is doubtful) and is marking the event with pageants, tours, an exhibition at the Frans Hals Museum in Haarlem and one in the autumn at Amsterdam's Nieuwe Kirche, adorned with unseasonal "ice tulips".

The identification of tulips with Holland goes back to the epidemic of "tulip mania" between 1635 and the crash in 1637 (which showed remarkable parallels with more modern commodity and price spirals). However, some say that the warm sentiment inspired by tulips arose relatively recently. This year is the 50th anniversary of the Hunger Winter of 1944, when the Dutch starved under German occupation and people were reduced to grubbing up bulbs from the tulip fields. Some restaurants are putting tulip dishes on the menu, a gimmick which may say as much about residual anti-German feeling as about sentimentality towards tulips.

The first recorded tulip flowerings in Holland were at Leiden, in neatly hedged beds in the *hortus botanicus* in autumn 1593. They belonged to the botanist Charles de l'Ecluse. Clusius, as he was known, was by then an old man, head-hunted for the new university. For more than 30 years he had been at the imperial court in Vienna, growing and studying tulips brought from Turkey.

By 1594 tulips were being grown in grand gardens in the German-speaking lands, in France, and England. Indeed, it is recorded that many years before he moved to the Netherlands, Clusius sent a present of bulbs to a Dutch gentleman. No doubt they flowered...

Pedantry aside, Leiden can claim to be the cradle of the Dutch bulb industry. Clusius and his head-gardener, quaintly called Clutius, settled down to propagating the priceless tulip collection. They sold bulbs at exorbitant prices to courtiers and country gentlemen.

The breakthrough came only after a break-in, when thieves smashed their way into the *hortus botanicus*, stole the tulip collection, and dispersed it to the nursery trade.

Tulip growing and breeding became a passionate pursuit of rich amateur gardeners throughout northern Europe. Because they hybridise easily and produce "sports" or mutations, tulips were soon being produced in an extraordinary range of sizes, colours, shapes, and in the case of the most expensive, with the most fabulously patterned blooms. Vividly striped, blotched and flamed tulips (much later called "Rembrandt" type) were the most expensive.

By the 1620s, tulip bulbs had become plentiful enough for at least the lowly varieties to be widely available. But the extraordinary thing about tulips was their propensity to change dazzlingly from one season to the next. Unique among flowers, they will spontaneously "break" or "rectify", reappearing the next spring with gorgeously patterned petals. These tulips took their place among the costliest luxuries of the day.

Grow just a few bulbs, and you could find you had the lucky break, which made tulips ripe for an investment gamble. Without the breaking, there would not have been the kind of interest which led to a speculative mania notorious in the annals of capitalism.

A rampant futures markets developed, tulips changing hands many times but only on paper. Men made and lost fortunes.

In 1623, a Semper Augustus bulb, red and white, fetched Fl 1,000 – around £350. Average income was around Fl 150. Next year, the price was Fl 1,200; by 1635, the price was Fl 5,500. Then the massive inflation began and in 1637, at the height of the market, a Semper August fetched the equivalent of £3,300. One bulb cost as much as a house on Amsterdam's smartest canal, with a coach-house and garden.

Why did tulips break? There were many theories, ranging from the influence of the planets to insect infestation. The answer was found only in 1919. It was a virus, TBV, commonly spread by aphids, which by breaking up the anthocyanin pigment causes the exceptionally intense hues and patterns.

The discovery was the death-knell of the Rembrandt. The flower of the Dutch Golden Age was merely sickly, diseased and horribly contagious. As Stanley Killingback, a modern tulip expert remarks: "The beauty of such flowers is the beauty of death." Clusius, too, noted that a broken tulip fizzles out within a season or two. He thought the breaking was a floral equivalent of a swansong, to reward its owner.

Tulip mania remains an astonishing tribute to the appeal of flowers that were valued as if they were gold plate or pearls. Today, tulip prices are at an historic low, and sales are declining. Tulip 400 celebrates a passion which has long been waning among gardeners. In the last 20 years, the number of growers has dropped from 15,000 to 3,510.

Yet even after four centuries of breeding, the hybridisers see a chink ahead. Extraordinary things may yet emerge from the bulb-sheds. Tissue culture has reduced the time it takes to bring a new variety to market – from 20 years to around seven. In the 1930s, they used radiation to make weird new varieties. Frans Roozen, head of the technical section of the International Bulb Centre talk of using colchicine, a poison favoured by Dutch witches, to cross tulips with narcissi and make "a purple daffodil".

Genetic engineering is a better bet for the rainbow tulips of the future. According to hybridiser Piet Koopman of Pico Bello, the true blue tulip is a possibility if scientists can identify the purple chromasome in the iris family and inject it into tulip bulbs. Four centuries have taken the tulip a long way from the small, highly priced flower which Clusius named, "A lovely tulip of a most elegant colour".

Parrot tulips, by Herman Henstenburg (1667-1726): one of the many fine drawings in "The Art of Botanical Illustration" by Wilfred Blunt and William T Stearn (Antique Collectors' Club, £29.95, 368 pages)

Gardening/**Robin Lane Fox**

Give dahlias a chance

One of the main purposes of a gardening column is to jog your memory and remind you of old truths. The old truth now is that you have about 10 days left to plant bulbs for success in the summer.

Merchants send out spring catalogues from which some of us order lilies (too late) and others, presumably, order gladioli. Many of the spring ideas in these catalogues are not hardy although things like watsonia could be wonderful in those pots which everyone now wants to display on their balconies and round the house. But while other things are excellent for years, fashion now seems against them.

Dahlias are not bulbs although, whenever I recommend them, most people look ready to impale me on a semi-cactus. Certainly, those ball-shaped mauves and oranges are truly awful, and the newer miniatures with names like Topmix or Lilliput are no better. The trouble is that these bad varieties put us all off.

In five months, I will again be admiring the pale yellows, whites and soft pinks on the marvellous show stand mounted by Ayletts of Hertfordshire at the Royal Horticultural Society's autumn show. We have illustrated it here, and many of you have written to ask for a reminder when the buying season comes round. It has arrived.

If you have planted new beds and are impatient about them, do please take dahlias seriously. Groups of three or five will thicken up the back row of your border and are really no bother if you start them now in boxes of light soil and transplant them late in May.

In half-shade or in groups of 10 for the middle row, I like to match tall dahlias with the old summer hyacinth. Galtonia candicans has bulbs like tennis balls which should be planted about 4in deep on a layer of pleasant compost. In August, they send up stems to a height of 3ft, set with widely-spaced white flowers that resemble teeth with a winning gap. The leaves sprawl around and are rather ugly, but you can lose them in a surrounding border or imitate me and cut them in half without harm.

Since 1982, I have learned to lift galtonias late in autumn and store them like dahlias, replanting them this weekend. They will then last for years.

For much quicker results, try a tall relation of the Star of Bethlehem called Ornithogalum arabicum. It is often recommended for autumn planting and it will try to flower in June, having spikes of white flowers with an enchanting black eye. I learned two years ago that you could also plant them as late as April 20 and still enjoy flowers about two months later.

Above all, remember nerines, the shocking pink Guernsey lilies which will bring us to our senses late in September and last until the first serious frost. Some people plant them in autumn but spring has always been my preference. Nowadays, I choose the catalogues' ordinary bowdenii.

There are a few important tips to remember. Plant them so that the soil comes up to the neck of each bulb, leaving a small tip showing. Choose a sunny place where the soil is as sandy or sharply-drained as possible, and be patient for the first two years: nerines take off in their third season and should never be pre-judged.

Sometimes, people complain that old clumps are not flowering well. The best advice is to give them a strong potash feed, using sulphate of potash from early summer on.

Often, nerines are planted under walls, although they do not need extreme protection. Here, they tend to be starved, something which they hate as much as clay. If you dose them on potash, they remember to be miraculous once more.

I have one last tip which is important. We all envy those wonderful carpets of yellow achonites up the drives of genuinely old vicarages or in woods which once led to a big Victorian house. Why do we fail to recreate them when we plant the necessary tubers by the hundred during the autumn?

The answer is that the achonite, or eranthis, hates to be dried out and moved round the market. The right time to plant them is during the next two weeks when you can still buy them in green leaf from specialists.

The right tactic is to plant a few in clumps of three or four and leave them to multiply (if they like you. If they do not, there is no point in wasting money on hundreds in the autumn).

You might be in two minds about dahlias but, if an eventual carpet of yellow early in spring is your desire, now is the moment to set about it.

Fishing/**Tom Fort**

Where big salmon bite

I have been goggling in wonderment at an extraordinary photograph, taken in the summer of 1926. On either side is a rugged Norwegian, one in cap and waders, the other showing a gleaming watch chain across his waistcoat. Behind is a wooden cabin, with a bare mountainside. Between the two men, arranged in four rows, are 33 salmon.

There are two notable aspects to this catch, one merely amazing, the other well-nigh incredible. The amazing is the size of the fish; two weighed over 40lbs, six others weighed 30lbs or more, and the average of the 33 was 24lbs. What almost defies belief is that they were all caught during the night of July 7, by one man, the Duke of Westminster.

Nearly 1,000lbs of salmon, all on fly, all on one rod, in seven or eight hours – the mind reels.

It was quite an expedition for the duke and the chums who accompanied him on his yacht, the *Cutty Sark*. In a little under four weeks, they caught 684 salmon, at an average of 23 lbs. Nor was the Duke the chief scorer. His total of 173 was comfortably exceeded by the 208 caught by Colonel Sir North Dalrymple-Hamilton. Of these, no fewer than six weighed more than 40lbs.

The river on which these feats of slaughter were performed lies 300 miles within the Arctic Circle, flowing a mere 27 miles from the forested plateau of Finnmark into the Barents Sea. It is the fabled Alta, and I am afraid the nearest you or I are going to get to fishing it is to read about those more fortunate than ourselves.

The story of the Alta is one of its tremendous fish, of the hardy breed of boatmen who ply its surging waters, and of the anglers who, for 160 years, have come to do battle. Chief among these have been a succession of Britons distinguished by wealth, privilege, a taste for comfortable adventury, and a prodigious appetite for catching prodigious salmon.

The first pioneer was the appealingly named Sir Hyde Parker, of Melford Hall, Suffolk. There was a painting of Sir Hyde, somewhat romantic in nature, which showed him kneeling in his waders beside a foaming torrent, with a fat salmon on the rocks beside him. He penetrated to the Alta in the mid-1830s, towards the end of a life which seems to have been largely devoted to prowling around Europe in search of sport and artistic treasures.

We know Sir Hyde enjoyed good fishing on the Alta, and in the 1850s intelligence about this remarkable river excited the interest of the sixth Duke of Roxburghe. In July 1859 he sailed there, pitched camp, and in a month caught nearly 150 salmon and grilse. It was the start of an association which continues to this day.

Five years later – having signed a lease on the whole river – the Duke brought a large party which included the queen's younger son, Prince Alfred, who caught 60 salmon in his first three days, 126 in all. While the fishermen fished each night, the rest of the guests danced aboard HMS *Black Eagle*, the strains of the brass band echoing across the Alta estuary.

The Roxburghe lease was renewed in 1909 by the eighth Duke. The 1920s and 1930s were vintage years, as each summer the ninth Duke, Bobo, and the Duke of Westminster, known as Bendor, sailed north with their families and friends for fishing under the midnight sun.

The local association split the river into five beats. But the two dukes returned. On his first night's fishing in 1939, the Duke of Westminster caught six fish over 30lbs. In the same year, the Earl of Dudley had a 60-pounder. But even this monster was eclipsed a few years later by one of the Alta boatman who caught a fish of 70lbs on fly, and another a ½lb bigger on a spoon.

Such fishing is the stuff of dreams, but the Alta continues to fulfil them – for the happy few. Among them is the 10th Duke of Roxburghe – as keen a salmon fisher as any of his forbears, but with rather less time to spare.

I met him recently at Floors Castle, which stands by the Tweed at Kelso. He lent me two books about the Alta, written and privately published by a brace of its devotees, Roy Flurie and Theodor Dalenson. All the information I have presented comes from these absorbing volumes.

Last year the Duke and his party had 47 fish for their week, averaging 25lbs. That, in these debased times, represents fantastic fishing, and the Duke grinned at the memory of it. And I – who have never caught a salmon of 25lbs, and will never fish the Alta – shared his pleasure.

Country view/**Clive Fewins**

Hazel coppice grows anew

No-one knows how many coppice workers there were in the UK before the second world war. But in 1956 there were only 300 and their numbers have steadily decreased, said Hampshire county council countryside officer Jonathan Howe.

In Hampshire, however, the trend has been reversed. Howe says that 70 of the 190 full-time coppice workers in England and Wales work in his county. His team is reviving this ancient rural industry based on hazel, a species that, with oak, ash and yew, was viewed as a chieftain among trees in Celtic times.

Hazel coppicing declined in the mid-19th century, pushed out by the millions of oaks planted to supply the expanding tanning and shipbuilding industries. It nearly died out after the second world war and the agricultural manpower crisis it brought. Since then much coppice has been bulldozed or poisoned, at first for agricultural purposes, then to make room for conifer plantations.

The backbone of the revival in Hampshire has been the thatching industry and a renewed interest in hurdles for garden fences and outdoor screens.

"The industry has attracted new entrants in the last few years, and though some of the thatching spar makers have gone out of business with the general decline in the building trade, many have become hurdlemakers," said Howe.

"Hurdlemaking is really picking up after the years of recession. People are realising that a good hazel hurdle should last 15 years – longer than its rival willow."

Each year Howe and his team attempt to bring 300-400 acres of coppice woodland back into rotation. They clear derelict coppice wood, replanting when necessary, and thin the taller, slower-growing deciduous trees.

This is the busiest time of the year for the coppice worker. Most of the cutting is done between February and late April. Hazel rods cut at this time are sappy and usable for several months.

Spring cutting also brings a bonus for the flora. "The bluebell wood evolved under traditional coppice management," said Howe. "This country is the best in Europe for bluebells, which thrive in our oceanic climate," said Howe.

"Violets, primroses and wood anemonies also thrive under the coppice system. They have lots of sunlight for two to three years. Then all is shade for the next few years until the coppice is cut. The alternative – the high forest system – kills off their abundance. Under this system there is a wonderful flush of flowers for two to three years, then as the conifers grow all becomes dark for 60 years."

After cutting, the hazel stools are left for seven to 10 years. "After this time an acre of well-stocked hazel will produce 10,000 to 12,000 rods 10 ft to 15 ft in length," Howe said.

Hazel rods are ideal for pea and bean sticks. They are also used in river bank protection, using the traditional "spiling" method –woven round wooden stakes. Curled hazel shavings are used in potpourri.

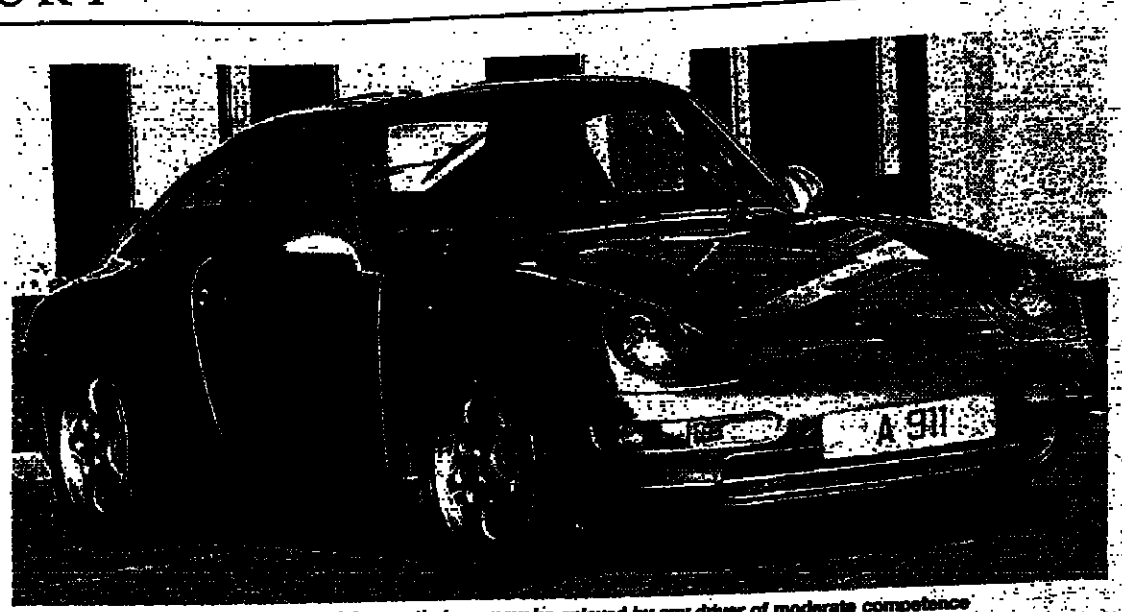
"We are developing new hazel products such as dog kennels, tree guards, rose arches, bowers, framed gates and bird hides," Howe said. "We are also attempting to bring coppice wood into the home once more. In the past it was not only used as the framework inside wattle and daub panels, but also for furniture. We are encouraging one or two designers to experiment with woven hazel panels in chairs and blanket boxes."

■ *Details of the Hampshire coppice: Jonathan Howe at Hampshire County Council Planning Dept, The Castle, Winchester, Hants SO23 8UE.*

Road test

Tamed – but still exciting

Stuart Marshall finds that the new Porsche 911 Carrera has appeal for all



The Porsche 911 Carrera ... sheer indulgence that can now be enjoyed by any driver of moderate competence

The latest 911 Carrera with Tiptronic is pure, triple-distilled Porsche. It looks like a son – even a grandson - of the original 911 of 30 years ago, and it still goes in a way that would satisfy a fast and skilful driver. But it has been tamed. Any driver of moderate competence can now enjoy it enormously without fear of getting into trouble.

Whenever I drive a 911, it strikes me as being more animate than mechanical. This one made me feel as if I had been put up on a racehorse – only to find, to my great relief, that it could be ridden as easily as a wise old hunter.

For me, there is no better transmission than Tiptronic, which is an extra-cost alternative to the standard six-speed gearbox. It offers the choice of fully automatic or clutchless manual gearbox.

In town, you simply let the transmission get on with it while you concentrate on the traffic. On the open road, you move the lever sideways into a different slot.

Then you have a manual gearbox that makes instant, clutch-less shifts, under full power if you wish. All you do is push the lever forward to change up, pull it back to change down.

A tiny red tell-tale on the instrument panel lets you know which gear you are in. If you leave your Porsche in the wrong one, electronics come to the rescue. Say you forget to down-shift and come to a stop in fourth – Tiptonic will pick second gear automatically for re-starting.

Tiptronic has been a Porsche exclusive for five years. Now, Audi has chosen it for the new A8 quattro, an all-light alloy luxury saloon which goes on sale later this year.

The 911 Carrera is a two-seater with a pair of notional rear seats that could, I suppose, accommodate stoical children for short journeys. Normally, though, they will be used for luggage that overflows the inadequate space under the bonnet.

What in the average car would be the boot is full of six horizontally-opposed cylinders with a total capacity of 3.6 litres and which produce a lusty 272 horsepower – plus the most wonderful noises when working hard. Early 911s had a well-deserved reputation for biting the hand that steered them around wet corners; even now, you would not take liberties with the mighty muscle of the latest 911 Carrera. But a new, multi-link rear suspension and ever-advancing tyre technology combine to keep it securely on line at cornering speeds that would have courted serious trouble in older examples of the marque.

Brakes on 911s always have been enormously powerful; now, they are equipped with an anti-lock system, too. And should the unfortunate driver make a blunder, twin air-bags are there to cushion the impact.

The 45-series tyres, more than twice as wide in cross-section as they are high, thump and bang on rough roads, but the suspension is not harsh and the motorway ride reasonably comfortable. Build quality, panel fit and finish are what you would expect of a car costing £53,995, plus £2,865 for Tiptronic.

At its introduction last year, Porsche called the 911 Carrera the "ultimate evolution of a sporting legend." And it continues to survive despite detractors who have said this charismatic vehicle should have been pensioned off years ago.

Certainly, it is true that this 168 mph (270 kmh) car with rocket-like acceleration is a sheer indulgence that can be given its head only on a private track. But the ultimate 911? My feeling is that it ought to live for ever.

Sailing

The softest section hits hard waters

*Whitbread boats expected calm sailing, they got a shock, says **Keith Wheatley***

Punta del Este to Fort Lauderdale is supposed to be the soft section of the Whitbread race. Sunshine sailing up the coast of Brazil and across the Caribbean to Florida. *Intrum Justitia's* skipper Lawrie Smith even called it the "girlie leg" in a not-so-subtle attempt to wind up the all-female crew of *Heineken*.

What happened was a classic example of sailing's Inverse Weather Law, often expressed in the phrase: "It's not usually like that here."

In the first week at sea a massive storm tore the mast out of race leader *Tokio* and sent the youth-crewed *Dolphin* scurrying for shelter in Rio de Janeiro with a 1.8m split in the hull.

Even the powerful maxi-ketches, less susceptible to damage than the pared-down and minimal W60 sloops, found themselves fighting for survival. *New Zealand Endeavour* and *La Poste* have both suffered serious hull delamination and been forced to slow down.

"The damage is on the waterline about 10m back from the bow," reported *NZE* skipper Grant Dalton. "The exterior and interior skins are intact but the inner core has sheared and is flexing alarmingly.

"We cut up floorboards and bent them around the inside of the hull over the damaged area. Then we cut up bunks and used the piping to brace the floorboards and stop the movement. The end result is that our navigator and the cook have lost their bunks and a few floorboards are missing."

Aboard *Heincken* the women had to cope with the yacht rock-and-rolling amid the stench of spilt fuel.

"The bumping from these head seas has been unbelievable, as bad as Cape Horn. One of the tanks has split and we've got the bilges full of diesel," reported skipper Dawn Riley.

Tokio's mishap was heartbreaking for a crew that had built a 13-hour lead over its rivals and were working on a conservative strategy of guarding that cushion all the way back to the Southampton finish in early July.

Chis Dickson, the young New Zealand skipper, acknowledged the severity of the blow when he sent this Inmarsat-fax message to his arch Kiwi rival Ross Field, skipper of *Yamaha*: "To *Yamaha* from *Tokio*: All yours boys. It's up to you to beat the Euros."

Field took the patriotic injunction to heart. He seized the lead within hours with some adroit tactical sailing. As the yacht approached the north-eastern tip of the Brazilian coast it hung out to the east and then cut in close to the coast.

"At one stage we wanted to be the most easterly boat and then we switched to be the most westerly. That tactic gave us good wind angles as we came into the headland and the boys sailed well," reported Field. "We managed to sneak through in daylight and pick up the inshore current."

Although *Yamaha* was sailing in only 8m of water at one point, *Tokio* was actually alongside in the Brazilian port of Santos, close to Sao Paulo, trying to tidy up the 11m stump of her mast into a more effective jury-rig. Unfortunate airline schedules meant that a new mast section would take another four days to reach Brazil. Dickson decided to spend the time plugging up the coast and meet the new spar further north.

"We have tidied up the broken rig and now have an improved lash-up able to carry three times the sail area of the previous jury rig which is still not much," said Dickson. "But the forecast is good and we hope to make between five and 10 knots to Vitoria.

"The crew were fantastic in Santos and worked for 24-hours without sleep to get us out of the pits."

At the same time engineers and boatbuilders flown out from Britain managed to get *Dolphin* back to sea after 18-hours alongside in Rio.

Steering into the gale: dressed for stormy weather on board the Heineken — Allsport

Modern racing yachts, and an increasingly large number of cruising boats, have hulls built in a "sandwich" composition. There is an outer skin, usually only a few millimetres thick, of a hard plastic material, then a core of foam (sometimes balsa wood) then another thin inner plastic skin. When bonded together it is immensely strong. When the layers come apart, or delaminate, the hull begins to flex and can simply fall apart. Almost none of the Whitbread yachts have escaped this process. Construction specifications will certainly be revised after the race finishes.

However, as the fleet slowly negotiates the windless Doldrums this weekend, with *Yamaha* trying to preserve her 50-mile lead through a meteorological lottery, stomachs are a bigger issue than hull technology. Because of the slow progress on leg five, the boats are running short of food.

Aboard *Intrum Justitia*, Smith anticipates serious hunger. "We cut down our food stores on this leg to save weight and because we didn't expect these conditions," he said. "We've catered for only 24 days and it's going to be very difficult to start rationing our supplies since we are already eating relatively little."

Cricket

Warm hopes for a summer of flair

*England have won at last. Can they build on the triumph, asks **Teresa McLean***

Everyone knows England are easy to beat; ask Australia or Pakistan, visitors and comfortable victors the last two summers, or the West Indies, hosts and victors this winter. But at least we English have cheered up a bit. Whether or not England can now win in Antigua as well as Barbados, there is reason to return with just a touch of thoughtful confidence.

I find myself thinking how good it would be to have a strong personality playing for England in his own way – a huge Colin Milburn, a fearless Ian Botham or an elegant David Gower, untroubled by fitness training or technique corrections, a character at the crease with enough of his own initiative to unnerve the opposition. All that is needed to produce such figures is that good players with strong individual styles be given room.

Perhaps Alec Stewart can serve as an example, after his epic performance in Barbados. It is easy to see how much better he plays when he is free of wicket-keeping duties. When he is free to bat in his own belligerent and unpredictable style, leaving the anchor role to his captain at the other end.

"He plays the way a West Indian would play ... very positive," said Richie Richardson after the match.

Mike Atherton learnt when he was captain of Cambridge University that it is a waste of time to try and get a uniform response from the team; all it does is cramp team resources. Better to let individuals flourish than to try and tame them.

Ray Illingworth, the new chairman of selectors, sympathises with this view, believing that: "There are not enough variations in the game and it is too stereotyped."

Illingworth had little in common with Gower when he captained him at Leicestershire, but he was shrewd enough to help Gower's cricket develop by letting him play it in his own style. The England squad, with its large contingent of young players trying to establish themselves, needs to do the same.

I was interested to hear some Sussex members express dismay last year at the way they felt young Ian Salisbury's bowling had been damaged by his MCC training before the 1992-3 tour of India and Sri Lanka. Not just the technical problems of the artificial "spinmats" used at Lilleshall, but also the over-ruling of the advice he had been getting from Sussex's experienced cricket manager, Norman Gifford.

County policy, locals claimed, had been to help Salisbury perfect his leg-breaks. MCC coaches, on the other hand, urged Salisbury to get more variety into his bowling, to unsettle the batsmen with off-breaks and disguised deliveries as well as leg-breaks. Both aims make sense but both at once unsettled Salisbury more than anyone else and upset his bowling.

The Sussex view may be no more than resentful county patriotism, but it is certainly true that after a dismal tour Salisbury started last season in poor form, troubled by an annoying shoulder injury. Fortunately, he regained some of his confidence later in the summer and was picked for the West Indies. It has not been easy for him there, not being able to rely on a full-time spinner at the other end to turn the ball away from the bat while he turned it in.

In Sussex, Salisbury lethal when he formed a partnership of assorted spin with veteran off-spinner Eddie Hemmings. Killer instinct is life-blood to a spinner and Salisbury's bowling, unlike left-arm Phil Tufnell's cruelly flighted bowling, looks a bit polite when it is unhappy. Salisbury is one of a number of English players who must come back from the West Indies bolder, if more battered, prepared to play more aggressively this summer.

It is a strange affair, this summer. A split series: first half New Zealand, second half South Africa. The last split series was in 1990, when England managed to defeat both New Zealand and India. I never like split series, but the South Africans did not want a full series, after their long absence from Test cricket and their recent, fierce combats with the Australians. It will be good to have a different Test team in England and the South Africans will be the centre of interest.

In the 1990 split series Atherton topped the batting averages against New Zealand (71) and was fourth against India (63), adapting well to the changing demands. He has a penchant for keeping going, come what may. If he can lead steadily this summer, it should help to release some of England's unfulfilled talents.

Another trigger for this is often a good spell of fast bowling. Very fast, like very slow, bowling can induce a touch of abandon in cricketers and if the bowling is good, the advantage belongs to the bowlers. I look forward to seeing Devon Malcolm competing with New Zealand's much improved Daniel Morrison and their young paceman Simon Doull. Later he may have to bowl to the new, confident leader of South African batting, Hansie Cronje.

Let fast bowlers buy their wickets if need be, as long as they enliven the series by bowling fast and furious. But bowlers, fast or slow, only flourish in co-operation with good fielders, in particular good wicket-keepers. Illingworth was lucky enough to bowl his offspin with Alan Knott behind the stumps. At the 1968 Headingley Test, Knott stumped Australia's Bob Cowper, Paul Sheahan and Noel Jarman in one innings, off Illingworth's bowling.

No wonder Illingworth has always thought of English spin bowling as an under-used weapon of war. He will need a top-rate keeper to resuscitate it, younger and fresher than "Jack" Russell.

Sheahan, one of Knott's Headingley victims, used to draw spectators for his devastating fielding as much as his batting. It was worth going just to watch him field. I belong to the generation that remembers Colin Bland and his fellow South African team members introducing that new brand of fielding, with its predatory leaps, sprints, catches and, above all, throws.

It sounds as if South African fielding is still hot, especially in the hands of Jonty Rhodes and Gary Kirsten. They field with spirit, which is as exciting for the crowd as it is for the players.

To play with spirit is to bring victory one step nearer. England must make spirited, challenging use of the players they already have. To that end, I hope Atherton keeps his captaincy intelligent, looking for astute ways to operate, in spite of the harsh baptism his leadership has received in the Carribean. He has survived it well; he still makes plans.

I was glad when Keith Fletcher replaced Micky Stewart as England team manager because I have always thought Fletcher was a canny customer, used to interpreting cricket situations with an element of guile. He too has had a rough time and needs a clear working agreement with Illingworth. Shrewd men now abound and my worry is no longer that we are short of thinking; rather that the thinkers may get in each others' way. Roles must be defined, so that in plotting as well as playing everyone has room to perform with flair. Or at least to have a go.

Golf

Japanese shrine in garden of England

Derek Lawrenson visits two luxurious and very expensive new courses

Masao Nagahara is believed to have made £800m from just one financial transaction, and so finding the loose change to build what amounts to his own private golf course, in Kent, was not a problem. Even at this time of the year the tees and the greens are so perfect you feel almost sinful walking on them in spikes.

Like many Japanese businessmen, Nagahara's sport is golf, and in particular golf as it is played in the US and Britain and especially the latter. "It is the home of golf," he said, with a reverence that caused his eyes to glisten.

Nagahara's course, in which he has invested £40m, is, oddly enough given its location, called The London golf club. Membership debentures are available at £22,700. Annual subscriptions cost £1,250. So far the club has 230 members and a notional target figure of 980.

"If we can get another 250 this year we shall cover our operational costs," Nagahara said.

He will not lose sleep if he does not. "I achieved what I set out to achieve before we had one member," he said.

Two things that stand out about golf in Japan are the cost of playing, which makes it the ultimate rich man's status symbol, and the attention to detail. The bunkers are not just raked, there are special greenkeepers who go around with small brushes to finish the job.

Nagahara is transplanting this philosophy to the UK. He called it "a blending of the two cultures."

Another Japanese-financed venture, the Oxfordshire golf club, sums up the approach. The initial investment was £25m. The course was designed by the distinguished American architect, Rees Jones, his first work in Britain. Again, the tees and greens are immaculate.

Debenture memberships for The Oxfordshire cost £26,000. The club has 300 members and wants 650. The Oxfordshire is owned by the Nitto Kogyo Corporation, whose president, Hitoshi Matsura, plays off 14.

Matsura also owns Turnberry, where his company has spent £22m upgrading the course so that it ranks with any in the world.

In its formative years Matsura's company made agricultural machinery but now owns 30 golf courses in Japan, and seven in the US. He is wary of media interest. Certainly it is easy to be critical of his approach. Are the Oxfordshire, and the London golf club for that matter, really golf clubs when so few will walk their fairways and populate their opulent clubhouses this year? Nor will there be any green-fee-paying customers, unless they have been invited by members.

The fact that some people take up debenture memberships simply because they foresee a substantial profit merely adds to the ire of those who view these places as elitist.

One member of the London GC explained that he joined because: "The debentures were £16,000 when I bought one and already the price is up to £22,700."

"We could really do with a few more members to create the atmosphere of a golf club," the London tournament professional, Peter Mitchell said. "The only time it is at all busy is at the weekends."

Alex McMillan, general manager of The Oxfordshire, worked for Nitto Kogyo in Japan. He said: "What we are trying to establish here has nothing to do with elitism or some out of this world facility, but something that can be appreciated by all who play it.

"The object was to bring together the Japanese golfer and the British businessman and an ideal way of enhancing that is by providing a golfing atmosphere. In Japan, the golf course is a great business asset and it is a place where a lot of business is done, and that philosophy is something we are trying to cultivate here."

In any case, what one man sees as an ego trip, another considers a valuable contribution to the evolution of golf in Britain. These courses have set new standards in terms of conditioning, for one thing. It used to be argued that a European tour event could not be held in England before May because there was no growth on the greens. You could hold one at either the London GC or The Oxfordshire on Christmas Day and the putting surfaces would equal those at Augusta.

"I have been practising at the London golf club all winter and I know they will be better than the greens we will be putting on during the height of the summer," Mitchell said.

Nagahara was in heaven recently. His goal was not just to build a golf course in Britain but also to have it designed by his favourite golfer, Jack Nicklaus. The members were informed that Nicklaus would be coming in by helicopter to look at his new creation, play nine holes with two of his sons, and talk them through what he had set out to achieve.

Imagine that scenario at most golf clubs in Britain. It would have been the talk of the clubhouse for months on end, and stories of his visit would have entered club lore. At the London golf club, 50 people showed up. In Japan it takes six hours to play a round because so many people are crammed on to the courses. Such is the Japanese enthusiasm for the game.

In Britain few people play the courses the Japanese own because few people can afford it. They are like exhibits of fine art, and like such things, depending on your viewpoint, you can either look and admire, or you can shake your head and wonder why anyone would be daft enough to pay such prices.

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TRAVEL

Green, clean Goa – India made easy

*Confronting real poverty is often very difficult for Europeans. **J D F Jones** suggests a way of acclimatising . . . gently*

Drying fish on a Goan beach: planning controls have the prime aim of protecting the beaches

Paul Seheult, Eye Ubiquitous

The beggar-girl was enchantingly beautiful. She must have been at least six years old. "Give me shampoo!" she pleaded, seemingly close to tears. "Give me lipstick, give me soaps," and she tugged again at our camera-straps.

I reflected that the beggars of Madurai had become more sophisticated since I was last there: the younger generation was targetting the tourists in four-star-hotel language, perhaps because it had discovered that foreigners are now implored by everybody – by guidebooks and travel agents and aid workers – *not* to listen to the pleas of India's beggar hordes. Give a cheque to the charities, they all say: that is the most efficient way you can help.

But the beggars are usually not beautiful. There was an old man hobbling behind the girl who wanted to show me something revolting on the end of the stump of his arm. He didn't want shampoo; he was determined on rupees. We struggled on through the crowd and surrendered our shoes to another old man, this time for safekeeping while we entered the Hindu temple, and we were secretly relieved when our guide dispersed the crowd for a few seconds with a flurry of gestures and curses.

This is one of the phenomena – one of the eternal truths – of India which alarms the first-time visitor. How will we cope with the poverty? Is it true that there are babies dying on the pavements? What are we supposed to *do* when we are surrounded by a score of frantic, pleading, ragged and horribly deformed children?

The question – the problem – can present itself at a higher and moral level. Here am I, spending a (comparative) fortune on my own pleasure, enjoying the luxury of sophisticated hotels in order to seek out the glories of a supreme civilisation, while out there on the street – I glimpse them from my air-conditioned taxi – my fellow-beings are suffering a misery which is incomprehensible to, let alone endurable by, a European.

It is a topic which invariably comes up in dinner-party talk. There is no shortage of people, not just those of excessive sensitivity, whose holiday has been ruined by the sights they have seen on their very first drive from Bombay airport to the luxuriance of the Taj Hotel.

Because India, of all the countries and cultures and civilisations of this world, most deserves the effort, I have a suggestion:

Start off in Goa. It is India made easy.

Goa, unlike India proper, is green, well-fed, clean (up to a point), accessible, Christian, cosmopolitan. It also has an English-speaking, efficient and fast-expanding tourist industry. It is picturesque, it has wonderful beaches, a splendid and unoppressive climate, and it is still pretty cheap. The local cuisine is delicious and distinctive; it even makes its own wine (yes, well . . .). No wonder it is in the vanguard of the Indian government's tourist plans.

Goa has not always been a favoured British destination. Because it was Portuguese from the early 16th century until the peace-loving Nehru sent in his army in 1961, it did not figure in the favoured itineraries of the Raj, like Kashmir, the Taj Mahal, Rajasthan and the Elephanta Caves. All that has changed, and Goa is certain to continue its charter-driven boom of visitors from Europe, particularly from Britain.

Most of the tourists come for the beaches, which, to repeat, are wonderful and not spoiled at all by "hippy colonies" (much exaggerated) or never-ending offers from the locals of massage or handicrafts or coconuts.

These locals are not touts in the Mediterranean sense, irritating and intrusive. I have one happy memory of an enormously fat and good-tempered Australian under the parasol next to mine, being persuaded by a group of passing youths to pose with them for a photograph because, they told him, their village would not otherwise believe that anyone of his size could exist. They then gave him a bunch of flowers.

The sea and the sand and the climate of Goa are of the best. But Goa is worth journeying above the high-tide mark. The Portuguese colonial presence produced an attractive local architectural style as well as a Christian tradition. These come together most dramatically in the semi-deserted town of Old Goa, inland through the rice paddies from the present capital of Panaji. It is an essential excursion even for beach fanatics.

Old Goa boasts, under the dedicated though poverty-stricken guardianship of the Architectural Survey of India, a collection of remarkable episcopal and civic buildings that dates from the 16th century. In the mid-19th century the Portuguese rulers retreated from Old Goa's diseases and moved downstream to Panaji. Today Old Goa's hottest draw is the mummified and "miraculously preserved" body of St Francis Xavier, the Jesuit who arrived in 1542, went on to continue his mission work in China, and asked to be returned in death to his beloved Goa. He rests there today, his unravaged face visible through a glass plate in the Basilica Bom Jesus.

By ancient tradition his body is taken into the cathedral on rare occasions when the devout – Hindus as well as Roman Catholics, pilgrims from around the world as well as locals – gather in their millions to venerate him. This exposition is to happen again this year, apparently for the final time because the corpse, at long last, is shrinking at an embarrassing rate. It is going to be an enormous affair and, if you are not one of the above-mentioned devout, you would be well-advised to steer clear.

Do not assume that you find only an untypical Christian culture in this part of India. Although Portuguese rule obliged the Hindus to build their temples inland and on a modest scale, you can get a fascinating introduction to that religion on a scale less overwhelming and intimidating than in the enormous temple complexes in the south.

This explosion of tourism must be particularly welcome to the Goans – an outward-looking people who have traditionally emigrated all over the world – because they have to face up to the decline of their local iron ore exports. But the boom carries with it all the usual dangers, so well demonstrated elsewhere in the world's beautiful places – pollution, falling standards, ribbon development, crime, environmental destruction and so on. The encouraging news is that Goa seems to be enforcing planning controls more rigorously than elsewhere in India, with the prime aim of protecting the beaches.

This has to be noted, as well as applauded, by the tourist. For example, when leafing through the travel trade's brochures you need to know that for some years hoteliers have been required to build several hundred metres behind the sea-line. This splendid rule means that many of Goa's hotels are set back from, and out of sight of, the ocean, which is not always clear from the travel agents' purple prose. Watch out for those give-away phrases like *only five minutes' walk from the sand*.

My recommendation is that you consider splashing out on one of the older (and more expensive) hotels which does have a seashore position, while consoling yourself with the thought that airfares have become ridiculously cheap.

For instance, any good travel agent or bucket-shop will get you on to a charter flight direct to Goa, saving the hassle of transitting through Bombay or Delhi and the subsequent scrimmage on Indian Airlines. You then throw away any vouchers for a guest-house on a coconut plantation and set off at once to a room at – say – the Fort Aguada.

I promise that the Fort Aguada Beach Resort, owned by the Taj Group, is very good indeed, and I judged it by the highest international standards. It stands above the sea at one end of the wonderful sweep of Calangute Beach. After it was built, in 1974, it was unfairly described by the distinguished British architecture critic, J M Richards, as "a sadly insensitive group of buildings in Hollywood-Oriental style." Today the complex has weathered well and takes an unobtrusive place in dense tropical foliage against the headland.

Perhaps in response to Richards' abuse, the Taj management has now built, next door and sharing facilities, a Taj Village in a strictly Goan style of low-level cottages surrounded by coconut palms.

Thirdly, and thanks to the Indian government's hosting of the Commonwealth conference in 1983, there is also The Hermitage, an estate of self-contained luxury villas up on the hill, very much intended for the *FT* reader who wants to escape the crowd and can afford to. You need to book in advance for Lady Thatcher's bedroom. By Indian standards, the Fort Aguada complex is expensive. But it works, and it may be worth it.

After acclimatising in Goa, the first-time India-hand will be ready to venture out into the real world. The best course is to take one of the regular and long-established itineraries on offer. These are: the Delhi/Agra/Jaipur triangle; the Rajasthan palaces; the north (Nepal, etc, and, these days, Ladakh); the Hindu south.

The choice will be influenced by season as well as by local political factors. For example, Kashmir is a no-go area at present; similarly, there are problems with some of the Himalayan venues, and a specialist travel agent will have to advise. The climate is an obvious decider: you won't want to go to Goa, even, between May and September, while the north is less attractive after, say, October. None of these things is rigid: the monsoon does not arrive on the dot.

One good possibility, to mention just one example, would be to venture out from Goa on the sort of south Indian tour which is available from various companies. (Private travel is probably best attempted by second-timers or the young).

The frequent starting point is Madras, on the east coast, which leads inevitably to the major temples at Madurai (where there is a newly-converted and delightful Raj-style Taj Group hotel on a hill outside that seething Hindu town). You then set out over the mountains of pepper and coffee and tea plantations, via the lakeside game reserve of Periyar (where you might see elephant), to finish up, weary and triumphant after a bone-shattering drive from coast to coast, at Cochin.

The tourist boom carries the usual dangers – including crime and pollution

Thereafter it is either back to Goa or Bombay, or down to Sri Lanka for a few days, where the tourist industry has been hard-hit by troubles in the north-east.

First-timers need to remember:

- that Hindu culture is complex and bewildering (the current exhibition at the British Museum is a helpful introduction);
- that distances are very large and the roads bad. You must be prepared to travel for many hours between one experience and the next;
- that the price of abdominal health is eternal vigilance – and no ice – plus a bit of luck;
- that you must apply for your visa in plenty of time;
- that you should take malaria pills and have a tetanus jab;
- that the Indian hotel and tourist industry (on these main routes) is highly experienced and that its standards have improved greatly in recent years;
- that, love it or hate it, India – as they always and truthfully say – is unforgettable.

J M Richards wrote one of the best books on Goa. Although dating from 1982, it has been reprinted in India (Vikar Publishing House) and can be tracked down with profit.

J D F Jones travelled for a part of his recent trip with Bales Tours (tel: 0306-885991), one of a number of UK travel companies that specialises in the sub-continent.

Fort Aguada Beach Resort, London tel: 071-828-5909, or through any agency of the Taj Hotels group. Typical low-season rates from now until June 12 would be $70 plus 35 per cent tax per day for a double room; $60 per day plus 35 per cent in the Taj Holiday Village; and $170 per day plus 35 per cent in an Aguada Hermitage villa.

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***Gerald Cadogan** discovers the joys of home-buying in Scotland's capital*

To buy a home in Edinburgh, follow the custom in Scotland's capital. Most people go to 85 George Street in the New Town to search the notices in the Edinburgh Solicitors' Property Centre (ESPC), preferably after first visiting one who can "hold their hands."

Few use an estate agent, except at the very top of the market. Instead, solicitors sell properties as well as conveying them, and run the ESPC as their own co-operative property shop. It is a cheap and efficient service where it is easy to compare homes on offer in any part of town and in any price range.

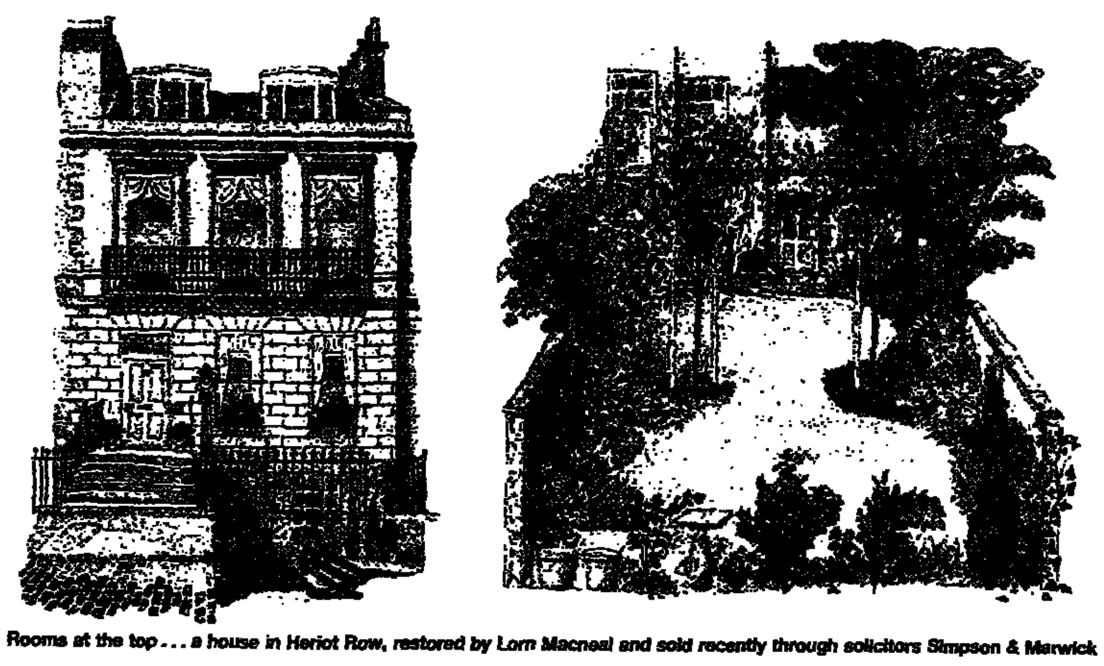
Last year, 13,000 Edinburgh properties costing £768m passed through the ESPC. That was 86 per cent of city sales of second-hand homes - the ESPC also displays new homes as a secondary line – and leaves little for the estate agents or the word-of-mouth "invisible" market in which properties never for sale formally are traded. If you want one of those, ask a solicitor who offers a finding service, or an agent.

A grand Georgian town house can cost less than half its equivalent in London. A few may reach £600,000 but most go for less, around £450,000 for a whole house in a good street. Some people live in Edinburgh and commute to London for half the week; it takes less than 4½ hours.

The central city's setting – on slopes either side of Princes Street gardens – is superb. The railway runs along the bottom, mostly in a tunnel. Ruling the middle of the gardens are the classical Royal Scottish Academy and the National Gallery, now restored to its Victorian glory inside.

On the south slope, the castle side, is the Old Town where tenements were built 15 storeys high in the 16th century. Opposite is the rational Georgian calm - and greater hygiene - of the New Town. Its broad, paved streets, circuses, crescents, squares and sandstone houses with white woodwork and black railings make this one of the most satisfying cities in Europe.

New Town houses often have flagstone floors in the hall; an oval lantern over the stair well; and smart apsidal (curve-ended) rooms with doors also made on the curve. Offices and flats are returning to being whole houses again, but the big conundrum is what will happen to Charlotte Square, the traditional birthplace of investment trusts. Two sides of it sit vacant where the lawyers and fund managers have moved to modern offices.



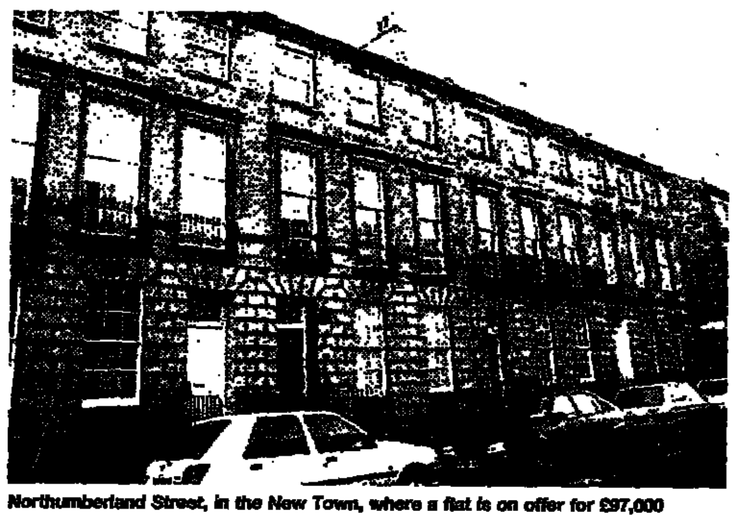
Rooms at the top . . . a house in Heriot Row, restored by Lorn Macneal and sold recently through solicitors Simpson & Marwick

The best addresses in the New Town are Moray Place, Heriot Row and Ann Street. Unlike London, there are no big estates. Houses are freehold or, to be more correct, feudal holdings.

Edinburgh so liked the Georgian style that it survived into the early 20th century, giving the city a rare visual unity. Its other joys include soft water from the tap, a small river called the Water of Leith, tartan rugs on taxi seats, and the country and sea close by.

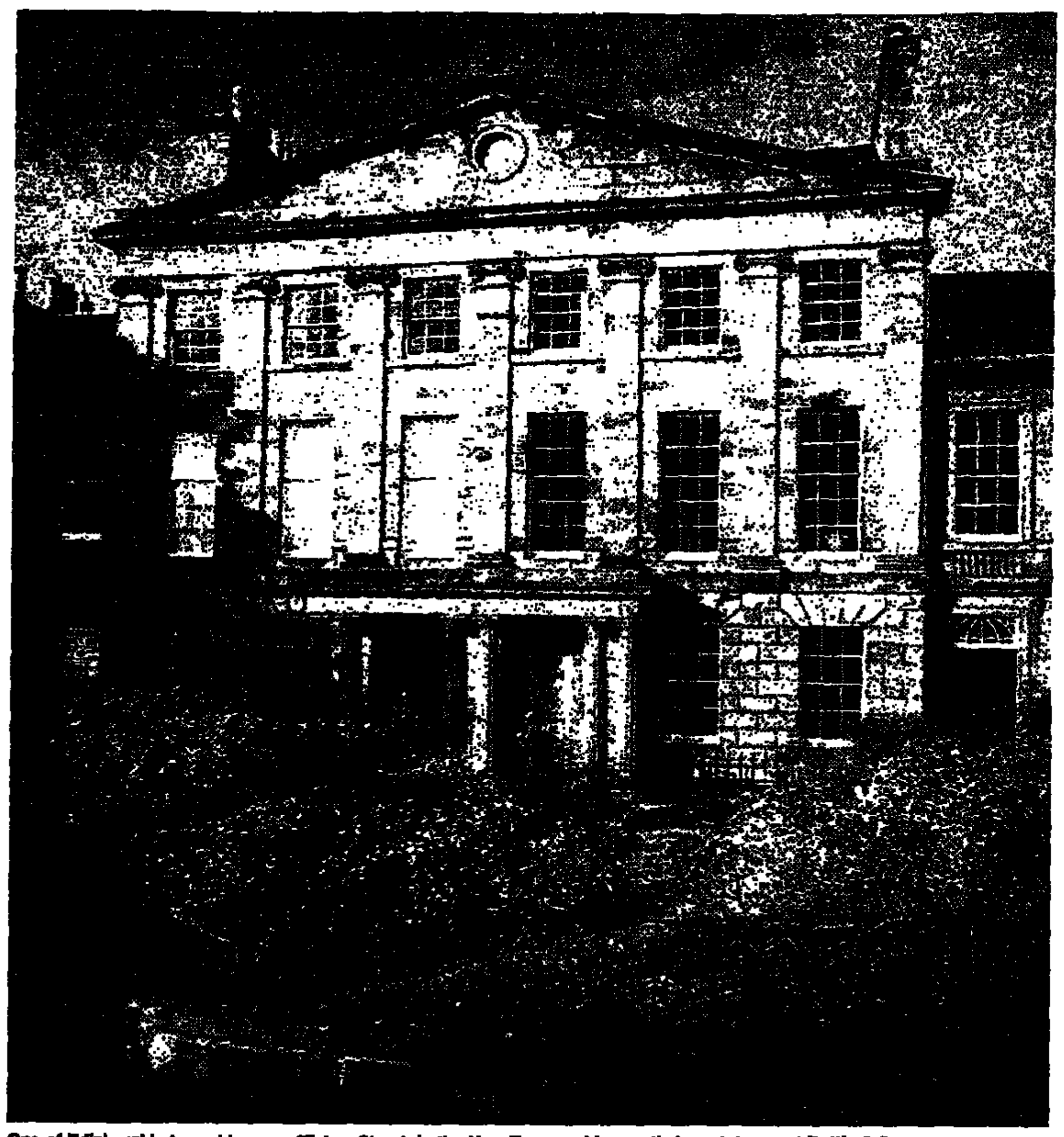
From the north side, you look south to the castle or north over the Firth of Forth to the hills of Fife. Murrayfield, the famous rugby ground, is close to the heart of the city and the old Empire music hall will soon re-open as the opera house.

To sell through the ESPC, first discuss price, title and arrangements with a solicitor. (It is not for nothing that Scots used to talk of him as "my man of affairs"). He will prepare rather plain particulars (by English standards) and send a small notice, with photograph, to join the other 4,500 in the ESPC. For £130, the property will be displayed in the centre and appear in the weekly list until a sale is agreed.



Northumberland Street, in the New Town, where a flat is on offer for £97,000

Buyers go to the ESPC to look at the cards displayed and numbered, like vacancies in a job centre, and starting with properties below £30,000. When you have found something, you take the number to a counter and receive the particulars. The ESPC can refer you to a solicitor for a free preliminary consultation (if you do not have one) and has a computerised matching service to identify what suits your needs.



One of Edinburgh's top addresses: 27 Ann Street, in the New Town, sold recently by estate agent Rettie & Co.

The solicitor will make the bid for you. In Scotland, this is run together with exchange of contracts, which is known as conclusion of missives. You do not make an offer subject to contract and survey, as in England. Instead, you do the survey – which means you are serious – and then decide what to bid.

(Here, an architect like Lorn Macneal can help. Expert in restoring New Town houses, he can assess the property – for just £75 plus VAT – and produce a preliminary schedule of works, with their likely costs and possible sources of grants. These include the district council and the Edinburgh New Town Conservation Committee, which also has a list of good craftsmen).

The solicitor then sends a missive, mentioning a price and various legal matters, and the vendor's solicitor replies. Once there is a written acceptance, there is a contract. To accept more from somebody else (gazumping) is a breach of contract under Scottish law, and the original buyer can obtain redress. The final stage is settlement (completion in England).

Conveyancing fees tend to be higher in Scotland than England, where solicitors compete for business. But the marketing fee will be less – probably 1 to 1.5 per cent. A solicitors' finding service will cost 1 to 2 per cent.

For those who prefer an agent, Rettie & Co. is a new firm that specialises in New Town houses. One on offer is 17 Drummond Place, six storeys high and restored beautifully, for around £550,000. Prices in the New Town turned in September, Simon Rettie says, and may now be up to £50,000 more than then. Meanwhile, a smart, two-bedroom flat at 8 Northumberland Street in the New Town is on offer from Simpson & Marwick for over £97,000.

Apart from the New Town, there are good flats for the young in such areas as Marchmont, Comely Bank and Bruntsfield. "Parents would feel relaxed if their children were there," says Richard Loudon, of Simpson & Marwick. And good parts of town for the family are Murrayfield, Newington, Grange and Trinity. A 1900 terrace house in Murrayfield costs around £250,000 and a semi £300,000. Good value in a glorious city.

Further information: ESPC (031-226 3891); Lorn Macneal (031-226 3838); Rettie & Co (031-220 4160); Simpson & Marwick (031-557 1545).

Heritage

Frozen in a time warp

***Clive Fewins** looks at the restoration of an English mansion*

After nearly five years of preparation, work begins in earnest this spring on saving the great half-built Victorian "timewarp" mansion at Woodchester Park in Gloucestershire.

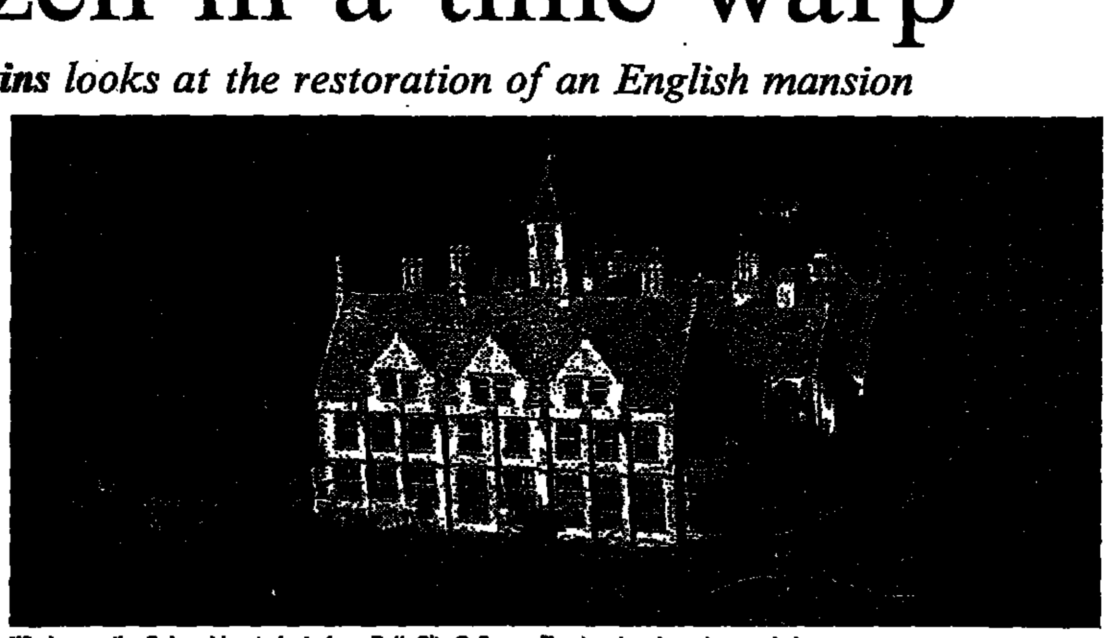
However, in spite of the efforts of conservators and craftsmen, the vast building, buried in woods in a valley near Nailsworth, will never achieve its intended glory.

For the intention is to preserve the Gothic-revival style mansion as a unique example of work-in-progress, rather than fulfil the grandiose architectural ambitions of its builder, merchant William Leigh.

The grade I building is to remain "frozen" in the state it was when the last workmen left in 1870, leaving their scaffolding, ladders and some of their tools behind in the forlorn hope that later generations of the Leigh family would one day be able to afford to complete the task.

The legend is that, after the builders left, one of the family continued to live in a completed room, surrounded by packing cases with the names of the rooms for which the contents were destined.

But it never happened. Over the years the house became home to a colony of rare Greater Horseshoe bats. These are housed in a section of the building separated by an iron grill from visitors and fed by the bugs from cattle dung – a herd is kept specifically for the purpose in the adjoining parkland.



Window on the Cotswolds: students from Bath City College will cut and replace damaged stone Margaret Lister

Formed in 1989, the Woodchester Mansion Trust has succeeded, with help from the owners, Stroud district council and English Heritage, in carrying out vital stabilisation and emergency repairs. This month (April 18 for two weeks) sees the first small section of permanent restoration work.

Six masonry students from the City of Bath College will, under the guidance of supervisor Gary Newton restore the first of six dormer windows that are letting in water and badly in need of attention.

"Parts of the building are in remarkable condition considering it has been a shell with a roof on for the past 124 years," said stone mason Jamie Vans, the trust member responsible for training the large number of specialist craftsmen who will work on the project.

"However the architect, Benjamin Bucknall, a local man, used unlined stone guttering and in places the rainwater system has failed catastrophically, resulting in severe damage to whole sections of wall both inside and outside."

In other parts of the building the Cotswold stone slate roof has given way. The chapel, with its soaring lines and graceful stone vaulting, is shored up by massive timbers and will probably be one of the last sections of the complex to be restored.

Woodchester Park: the total cost of restoring it to its 1870 state has been estimated at £3m Margaret Lister

Later this year it is hoped to start work on the grand stair. "It is a very complicated and high-quality piece of Victorian stonework and will need great care in the way it is restored.

The Getty Foundation has already given us £21,000 towards the work, provided we can show them we are including training in traditional skills in the restoration programme we are hopeful it will give us up to another £140,000," Vans said.

The total cost of restoring the mansion to its 1870 state has been estimated at £3m and is likely to last well into the next century.

"Now we have our conservation master plan intact we hope to be able to make real progress," said Vans. "But we are in no desperate hurry. It depends on how fast we can raise money but above all we wish to do justice to an extraordinary building in a magical site that has been described as one of the greatest achievements of 19th century domestic English architecture."

■ *For information on the Woodchester Mansion Trust, conservation training courses, and 1994 tours of the building contact the trust office, 1 The Old Town Hall, High Street, Stroud, Gloucestershire GL5 1AP. Tel: 0453-750455.*

As They Say in Europe / **James Morgan**

Hair today but tedium tomorrow

It is a lucky country that has dull newspapers. Russia (more of this later) is profoundly unlucky but Germany could be returning to normal. This thought was inspired partly by the unremitting tedium of German news stories, until the Schneider company collapse came along, and editorial comment. For four years from November 1989, Germany seemed in danger of becoming quite exciting. But things are changing.

Recent developments have been dominated by the burden of the past, as usual, and by the catatonic round of elections. So far, it is one down and about 18 to go. The key question at the moment centres on Rudolf Scharping's beard; there has been much debate as to whether the leader of the opposition Social Democrats would become more popular if he shaved it off.

The world should know the difficulty one faces when seeking quotable opinions from the German media. Last week, before events in Bosnia came to my rescue, I was contemplating a comparative study on attitudes towards unemployment. Commenting on the fall in the numbers out of work last month, the *Suddeutsche Zeitung* told readers: "It is largely attributable to seasonal factors. Even before the end of the year, in the high point of the recession, there were in west Germany 64,000 more registered unemployed than in the previous month. Then it was 102,000.

"More impressive than monthly comparisons are yearly data. They, however, show, as against March 1993, for the old federal territories, almost 420,000 more out of work, and for the new territories 120,000. So it is that the present noticeable business recovery, which shows slight increases in production, orders and capacity utilisation, still passes the labour market by." A veil shall be drawn over the rest of this complex argument. It is, therefore, time to turn to the topic of the week and the thoughts of the *Thuringer Allgemeine* on the Nato bombing of Serb troops outside the besieged Bosnian city of Gorazde. On Monday, it said: "Whether this will have a rapid effect on the besieging forces is still an open question. In any case, it is a further escalation of the war. The enforced peace in Sarajevo earlier this year, brought about by the threat of attack and linked diplomatic pressure, appears to have bolstered the arguments of those who want military intervention." In other words: we don't know if it will work, but it means a bit more violence and some people think that might work.

'For four years, from November 1989, Germany seemed in danger of becoming quite exciting. But things are changing . . .'

The analysis in, say, a French equivalent of the *Thuringer Allgemeine*, reflects similar insights and the same grasp of a complex situation. Yet, somehow, the piling up of mixed metaphors and random questions makes it altogether a more exciting read. Thus *La Charente Libre*: "The intervention of Nato planes at Gorazde has the character of a warning shot. But this warning shot marks a turning point for it represents, for the first time, the thin end of the wedge of UN military intervention in Bosnia. But will it dissuade the Serbs from continuing their attacks? That is the question . . . Will other aerial strikes be necessary?"

As the Bosnian imbroglio developed, one looked again to Germany and that powerful organ which was so influential in forcing the pace of events in the former Yugoslavia: the *Frankfurter Allgemeine Zeitung*. Its staff have been locked in debate as to whether the paper should change (nobody has been known to read it from cover to cover). But it has one man who never will and remains unique among German commentators: Johann Georg Reissmüller, who made a vast personal contribution to smashing up the Yugoslav federation.

This week, he described how the confidence of the Serbian leadership had grown, and concluded: "So it is now, as the UN and the western powers wake from their self-hypnosis, that they see that further action is necessary. But what is there to save now (that) the Serbs in Bosnia, as in Croatia, have as good as achieved their war aims?" Reissmüller is a rare figure in the general run of "on-the-one-hand-on-the-other" German editorialising.

If uneventful countries produce boring editorials, Germany could be about to recover its role as a mammoth Switzerland. There is no similar fate in prospect for Russia. On Wednesday, *Komsomolskaya Pravda* managed a riveting analysis of the Bosnian bombing. It combined irrelevance and historical ellipsis in perfect balance: "Fifty-three years ago today, several hundred German planes dropped 360 tons of bombs on Belgorod [in Russia]. Air strikes continue today. The Balkans, where the first world war began, are being bombed. Prominent historians offer fearful but just words: 'The Balkans are a convenient place for unleashing world wars'."

More typical comment was to be found in *Rabochaya Tribuna*: "As Russia begins to play an increasingly active diplomatic role in the Balkans, the western attitude towards the Serbs becomes tougher . . . Some people apparently don't like it if Russia ceases to be an obedient executor of western decisions and tries to play solo in the diplomatic orchestra."

This kind of overt popular nationalism is rare these days. The Germans are banned from such territory and the French avoid it by couching their arguments in the form of general principles rather than paranoia.

There is only one other country where leader writers inveigh at enormous length about not being kicked around by foreigners. But then, for the past 50 years, the British (whose newspapers are very interesting) and the Russians have shared a unique awareness of the threat posed by foreigners.

■ *James Morgan is economics correspondent of the BBC World Service.*

A wool suit from a selection by Dolce e Gabbana, from £735, from Browns, 23 South Molton Street, London W1. Worn with a cotton shirt, £180

Tuck in the shirt, button the sleeves and Dolce e Gabbana's look could go into the smartest office. Trousers, £180. Shirt at £180. Waistcoats, from £205

Big men mean big business

***Richard Rawlinson** on large-as-life suit seekers*

Big men have enormous trouble buying off-the-peg clothes. And if they are both heavily-built and tall they may as well forget high street menswear stores and book a fitting at a tailor. That, at any rate, is the consensus among men who have endured the humiliating experience of shopping for big sizes only to come away empty-handed and feeling like circus freaks.

Philip de Pass, a sugar broker at E D & F Man, the UK sugar trading company, is 6ft 6in tall with a 38in waist and wears size 13 shoes. "I have great difficulty buying clothes," he says. "My arms and legs are too long and almost all my suits and shirts have to be made-to-measure. Fashion and my shape do not go hand in hand. In shops, it is a case of buying almost anything that happens to fit."

Tall Lazards merchant banker Simon Pryce adds: "The only retailer that specialises in extra long clothes is the High & Mighty chain which I find too down market. All my suits have to be made-to-measure."

Ozwald Boateng: suited himself

Some retailers and manufacturers are waking up to the fact that big men could mean big business. As healthy diet and regular exercise become more commonplace, people generally are growing taller and broader.

A report last year by health secretary Virginia Bottomley shows that obesity is also increasing. It has risen among men from 7 per cent in 1986 to 13 per cent today.

Historically, retailers' reluctance to cater for large men has been because suits sized at more than a 42in chest measurement often end up in the sales. Harrods, of Knightsbridge, had planned to open an area dedicated to big men but came to the conclusion there was too little demand.

Its menswear buyer, Bill Christie, says: "We stock from 36in short to 46in long but our best seller is a 40in regular." He finds that German, Scandinavian and US brands are better for generously-proportioned figures.

"We sell Germany's Hugo Boss in a 46in long," says Christie. "The Swedish company Eton makes shirts with very long sleeves and the US's Calvin Klein makes jeans and underpants with a 40in waist. But if a big man wants a Giorgio Armani he has a problem".

Jeremy Hackett, managing director of men's outfitter Hackett, says: "We make suits with a 46in chest and 40in waist but they are not commercial. The problem with large suits is maintaining the right proportions. However, our trousers are unfinished with 37in inside legs, allowing for individual adjustments. We also offer a bespoke service at our Sloane Street (central London) shop."

Rowland Gee, managing director of Moss Bros, which includes the Moss Bros, Savoy Taylors Guild, Cecil Gee and Suit Co chains, confirms that British men are getting bigger and he also observes geographical and socio-economic differences in sizes. "In the early 1980s, we sold more 38in regular jackets than any other, but today 42in regular is the most common size," he says. "More men seem to be building up their torsos in the gym."

He adds that more expensive suits sell in larger sizes than cheap suits, attributing this to the affluent businessman's penchant for expense account luncheons. Gee also notes that men in the north of England tend to be bigger than men in the south and in Scotland.

The Moss Bros group shops stock ranges from 36in short to 50in regular, with the Moss Bros hire department offering jackets to cater for a generous 60in. Gee's experience, like that of Bill Christie, of Harrods, is that German brands Hugo Boss and Odermark are ideal for large men, while the triangular cut of an Armani suit is less accommodating.

"German companies analyse big men," he says. "They make trousers with a higher rise to get over the belly. They anticipate that a man who buys a 44in long jacket is likely to be athletic and therefore provide trousers with a slim waist."

High & Mighty, has introduced an increasing amount of fashionable, quality ranges in recent years. As a specialist in large-sized men's clothes, it has a thorough understanding of its customers' needs.

Alongside its lower-priced own-label merchandise, it stocks Louis Feraud and Odermark suits, Eton and Stephen Brothers shirts, Easy Jeans and shoes by US company Rockport. Chest and waist sizes go up to 60in and footwear up to size 16. Traditionally known as a store for portly men, High & Mighty is aiming to attract more tall men. It has signed up long-legged athlete Linford Christie to project this message in its promotion campaigns.

Judith Levy, retail director, says: "High & Mighty designs clothes to flatter big and tall men and our sales staff are trained to put customers at their ease. A lot of big men have a poor self-image and do not like to look at themselves in the mirror.

"Some of our customers have to keep three separate wardrobes as their weight fluctuates. They may lose a few stone at a health farm and then six weeks later they are big again."

Whatever one's shape, off-the-peg clothes rarely compare with bespoke clothes. As a 6in 4in tailor, Ozwald Boateng attracts a lot of equally tall men to his office in Notting Hill, London.

"Everyone's shape is unique," he says. "It is difficult to find a suit that fits the chest and waist without having it made. I have a small waist but a long outside leg. If customers do not have an athletic physique, a bespoke suit can be cut to create the illusion of shapelessness."

Georgiana Grimston, who runs a bespoke business in Fulham, south west London, says that, while her suits flatter their wearer, she is brutally honest with customers during fitting sessions.

"Some men have the same chest measurement as their waist size," she says, "so we have to cut the cloth carefully to give a waist. Sometimes, we need to explain that stripes elongate a tall man and large checks fatten a big man. Their best bet is plain or herringbone cloth."

For large men who enjoy stylish clothes, but who would not feel comfortable squeezing into a pair of Versace jeans or a figure-hugging suit, there is solace from the men's catwalk shows this spring and summer. The designers message is that loose-fitting, oversized and unstructured clothes are *de rigueur* this season.

Inno Aguib, menswear buyer at Browns, the designer store on London's South Molton Street, recommends large men look at Dolce e Gabbana's oversized coat/jacket, which comes in beige and sand-creased linen, and Dries van Noten's baggy pyjama-style trousers in beige linen. But remember, light colours, like checks and television appearances, make people look bigger.

■ *Richard Rawlinson is news editor of Fashion Weekly.*

The Hugo Boss look for the larger man – loose and layered, in a wool and linen mix, the suit is £425. From Harrods and Cecil Gee

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HOW TO SPEND IT

Art for the sake of your living room

***Lucia van der Post** dallies with Dali, previews an exciting exhibition and sale by young artists and admires a new clothing range*

For those who think of auction rooms as the repositories of the dusty, the musty or the exorbitantly expensive, the selling exhibition coming up at Bonhams, in West London, early next month will come as a surprise. There, lurking where normally Jacobean coffers, walnut bureaux and French *fauteuils* are to be found, are the freshest, brightest and most contemporary of objects.

There is the chance to see the work of some 130 different leading British designers and artists. How an auction house, normally associated with things old and secondhand, has come to be associated with one of the most lively selling exhibitions of interesting modern artefacts, is quite a story.

It began when Bonhams realised that supplies of good quality antiques at reasonable prices were running low and that there was a wealth of talented designers producing imaginative new pieces but who lacked an outlet for their wares.

Bonhams started with the auction formula – having a pre-sale view and then selling by bids – but found that it was not the best way to sell daring modern pieces. Many viewers were excited and interested but a little nervous. They needed more time to browse and contemplate and so they hit upon the idea of a selling exhibition.

Peta Levi, an ardent supporter of our best young designers – she helped establish an exhibition at the Business Centre in Islington, north London – was asked to be curator and it was immediately a huge success.

Levi is still collecting work together, sifting out designers, initiating new projects for them. This year the selection seems as rich, as diverse, as tempting as ever.

Many of the big names in modern design will have pieces there – people such as John Makepeace, Fred Baier, Ron Arad, Richard la Trobe Bateman, Mark Brazier-Jones, Pat Booth – and all have been asked to submit at least one piece that costs under £500. This means that you could have an adjustable dressing mirror from John Makepeace for £425, a wooden jug by Fred Baier for £500, a beautifully streamlined bedside table in maple by Lime Design for £180, a tea service by Jessica Ball for £220.


Tulip table with a top made from American walnut and a polished aluminium base by Angus Ross, £1,220

Pieces have been chosen not only for their diversity and liveliness but also for their quality. Everything on show dates from the 1990s and you could buy something as small as a *papier mâché* bowl (by Hazel Dolby, £200) or as large as a solid English elm dining table (by Richard La Trobe Bateman, £5,000).

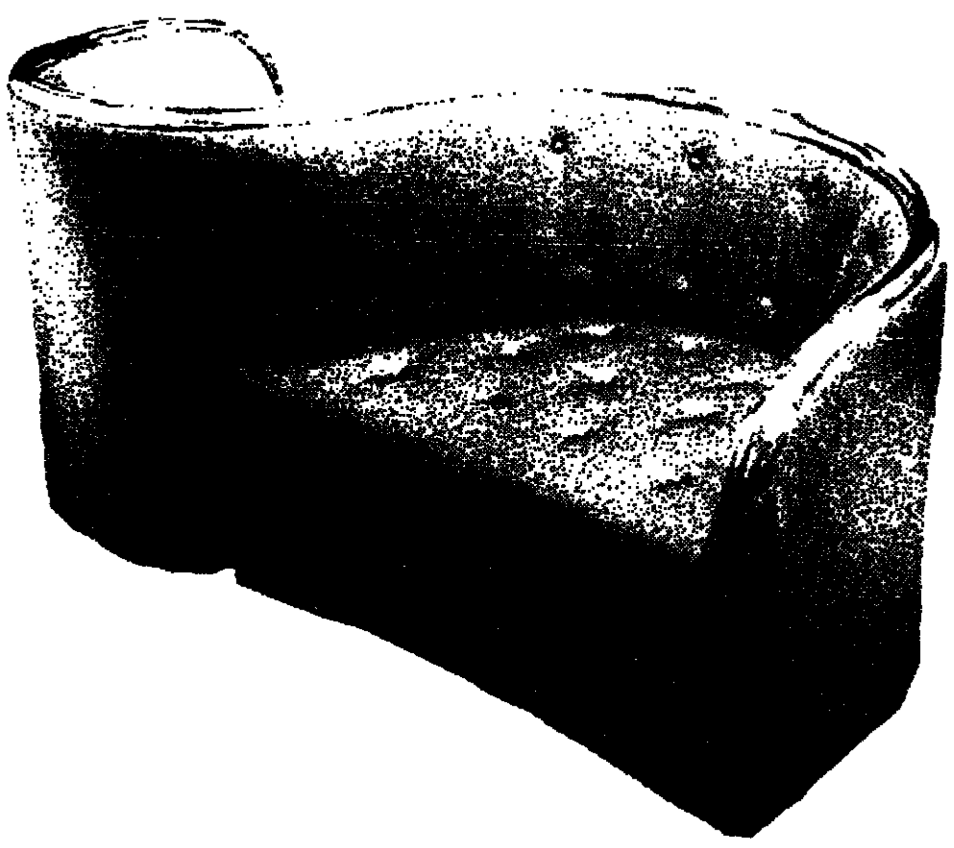
If you are looking for furniture this is a chance to see some of our very best modern makers – I particularly recommend the work of Lime Design (its work is imbued with a calm, almost Zen-like air), Glenn Hinton (his Eye chair in scorched carved oak, patinated copper and hide seat is remarkable) Philip Hearsey (a marvellous organic-looking table made from forged steel and green tinted glass) and Pat Booth (a calm and tranquil designer who uses wood and steel with great style and simplicity).

But if you are not in the market for something as large as a piece of furniture there are colourful jugs by Marianne H Buus and even more colourful glass and decorative mirrors by Jennie Burns. There is jewellery by Susan Cross, Tom McEwan, Sophe Harley, Tina Engells and Mark Woods.

If you are looking for a chandelier you are spoiled for choice – there is a wonderful glass and copper one by Eryka Isaak (£900), a polished steel and blue glass eight-arm chandelier by Caroline Rebecca Vivian-Metalhouse (£1,350) and one made from clear and colour glass beads, brass and steel by Clare Thatcher (£1,950).

It is a perfect chance to find something with character, personality or charm for the house – the lively mirror, console table, vase, chandelier or rug will do for it what the right scarf, shoes or hat does for a woman.

■ "Decorative Arts Today" will run from Wednesday May 4 to Wednesday May 11 at Bonhams, Montpelier Street, Knightsbridge, London SW7 1HH, from 11 am to 6 pm weekdays and 11 am to 4 pm on the weekend. There is a fine illustrated catalogue which costs £5 and allows you free entrance.


This love-seat has been made from a design drawn by Dali for Jean-Michel Frank in 1937. £5,922, one of a group of seven original 1930s Dali designs, it can be seen at the David Gill gallery


This plant stand or side table is in English oak and stainless steel by Christopher Hughes and costs £800


Greater Spotted Jug in brilliant yellow, blue, black and red glass, by 1993 arts graduate Jennie Burns, priced at £300. Those who like her glass can look out for her decorative mirrors

Salvador Dali, probably the world's best-known Surrealist artist, has always been a controversial figure but on one thing everyone seems agreed – that he was an extraordinarily creative and original spirit.

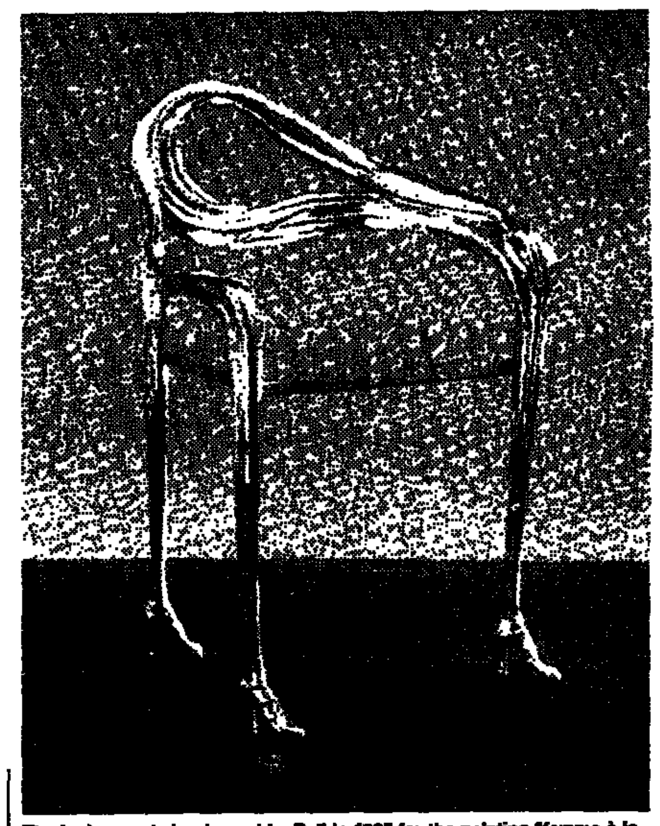
Although he started his career as a painter after he was expelled from the Surrealist group, for turning to a more academic style of painting, he began to use his rich imagination on theatrical sets, shop interiors, wildly kitsch jewellery and some voluptuously curved furniture.

His richest period for creating objects was in the 1930s, when he found himself in Paris, surrounded by friends involved in exploring ways of applying their artistic imaginations to works other than paintings. He began to work with Schiaparelli and Chanel and with Jean-Michel Frank, a furniture maker and decorator of great standing in Paris at the time. The Bracelli Lamp, which David Gill will be showing and selling, came out of his association with Jean-Michel Frank and was adopted by Dali for his house at Port Lligat.

Although most of these pieces were designed in the 1930s they never went into proper production. David Gill, whose shop-cum-gallery in Fulham Road, south west London, is always an enterprising source of decorative and fine arts, has brought seven pieces to this country for the first time. They are all now in current production, each being carefully made, *d'apres dessin*, with the co-operation of the Dali foundation in Spain.

They are obviously of practical use, but it is probably unwise to treat them in the way one normally does furniture or household artefacts – they are really Dali objects and the prices reflect that. Lamps start at £600 but the more exotic pieces, such as the three-legged Leda chair, are in the thousands.

The Dali exhibition is small, just seven pieces of furniture, and is on at David Gill Decorative Fine Arts, 60 Fulham Road, London SW3 6HH, until May 14. Pieces from the range can be ordered at any time.


The Leda armchair, planned by Dali in 1935 for the painting "femme à la tête de rose". £5,876

Treading a tricky tightrope

Regular readers of How to Spend It will already know that I am a fan of John Smedley knitwear. So, it has to be said, are lots of other people – from Sir Terence Conran "for me John Smedley represents everything I believe in", to Vivienne Westwood "it's the best knitwear in the world, nothing else will do", and Paul Smith who likes "its simplicity and quality".

The John Smedley range has made that big step from being simply articles of clothing – albeit extremely fine ones – to cult products. Along with Bass Weejun loafers, Sebago docksiders, Levi's 501s, Lewis leathers and Barbours John Smedley knitwear has become an icon of our times. Those who wear the clothes need no logos – a fan can spot a Smedley piece at 50 yards.

Nothing becomes an icon without good cause – and the good cause in Smedley's case is the simplicity of the styling coupled with the high quality of the fine-gauge knitwear (Sea Island cotton in summer, botany and merino lambswool in winter).


Navy and cream striped summer shirt £57.50

For years the company simply did underwear – archetypal shapes in the finest Sea Island cotton. As underwear increasingly became outerwear, so it became more and more visible and more kudos began to attach to the name.

As there is a limit to the number of simple vests, knickers and boxer shorts that even the most lavish wardrobe requires, it seemed only sensible for John Smedley to provide its fans with a wider range.

From simple underwear it expanded into what it calls the Second Skin collection – a cunning mixture of underwear shapes, slightly updated so that they fit more naturally into fashionable outerwear wardrobes, these offer bra tops (which double as bra and a decent top), cropped T-shirts that skim the top of the shoulders, shorties, ribbed vests and some sweetly old-fashioned vests (to be worn, of course, as tops) with insets of lace panels.

There are also grandad shirts and fine leggings that can be worn as nightwear or underwear. Second Skin comes only in black or white and all are only in Sea Island cotton.

Newest of all is an even more overtly outerwear range for the coming summer. Homing in on plenty of navy and cream, with soft nautical stripes, there are short-sleeved shirts with collars (such as the one photographed here), flared skirts, cropped tops and waistcoats. For men there are button-through oversized shirts, high V-neck cardigans and boxy waistcoats.

The classic polo shirt, the one that *Arena* magazine described as being a vital ingredient in the "tieless in Soho" look, has been updated with a button and loop fastening and the roll-neck has been modernised with a zip.

So there you have it – John Smedley is treading that tricky tightrope of trying to be timeless and classic as well as up-to-the-minute. So far it is doing pretty well.

The best places to see a good selection of John Smedley clothing are: Fenwick of New Bond Street, London W1, which has a splendid department given over entirely to John Smedley wear; Selfridges of Oxford Street, London W1; Harrods of Knightsbridge, London W1; Harvey Nichols of London W1 and good stores around the UK.

As South Africa struggles in the world spotlight, Weekend FT looks at how food and drink has played a part in the country's culture

Afrikaner food: will it get your vote?

Heather Parker looks at how Boers and Malay slaves contributed to the specific character of South African food

In the good old bad old days, when the right-wing, extra-right wing and far-right wing had it all their own way in South Africa, election days were feast days. On school playing fields and in scout halls across the land, spick-and-span candidates proffered honesty and *koeksisters* (a kind of crisp, plaited doughnut steeped in spiced syrup).

Party-faithful mums beamed family values as they flipped thick, frangrant *pannekoeke* (pancakes) over portable burners.

In the run-up to this country's first democratic election on April 27, the National Party has expanded on the old successful formula. Come hear us speak, they said to the poverty-stricken newly-enfranchised masses, and there will be food there.

So the masses came, and indeed there was food. Great pots of steaming *putu* (an African staple, stiff maize porridge), vats of sweet tomato-and-onion *sous* (relish), thick curls of *boerewors* (traditional spiced sausage) sending fragrant smoke abroad as they sizzled over barbecues.

"We say: go to their meetings, eat their food... and then vote for us," was Nelson Mandela's rejoinder to that particular election ploy.

But perhaps the ANC, and the rest, should not underestimate the seductive power of Afrikaner food. At its best it can steal your heart: whether it can also steal your vote remains to be seen.

Like the language itself, traditional Afrikaner food is a composite of many influences. It owes much to its Dutch ancestry, something to the English fellow-colonialists, and much to the 1820 French Huguenot settlers.

But South African cuisine gets its specific character from two things: the hot Great Trek across the vast interior, when the Boers moved inland to get away from English rule in the Cape, and to the Malay slaves who were brought to Cape colony 300 years ago.

Dried food – most famously biltong – is one of the successes of the Trek. Spicier than jerky, biltong is beef or game which has been marinated in spiced vinegar then studded with roasted coriander seeds and air-dried. It lasted for months as the ox wagons jolted across the arid plains in search of the promised land.

Lack of refrigeration was just one problem facing ox-wagon cooks. Lack of cookers was another. Fresh food had to be cooked in a pot or over coals. The barbecue – *braaivleis* in Afrikaans – is probably South Africa's trademark cuisine.

Sunday afternoons in the suburbs are characterised by gourmands in witty plastic aprons waving tongs like wands over fires. Purists get pedantic about the perfect *boerewors*, or the kind of wood necessary to produce the perfect coals. No conclusion has been reached on either front.

The other legacy of the great trek – and the fact that 60 per cent of South African households are still not electrified – is *potjiekos* literally, pot food. The settlers were hauled up Africa by oxen, which did double duty by filling the bellies of those they transported. Veteran trek-oxen are tough in the extreme: long, slow cooking was the only way to tenderise the meat, and *bredie*, or stew, is the result.

Before leaving the Cape, the trekkers had picked up some useful ways with spices from the Malays, which no doubt helped. The pot in question was then – and still is – iron-black, three-legged and round-bellied.

You fill it with whatever you fancy, and when the fire burns low, you heave it onto the coals and sit back with beer and biltong. Some hours later, all will be ready. More mythology attaches to *potjiekos* than almost any other South African food. There are *potjiekos* festivals across the land, and recipes are guarded fanatically.

A *bredie* does not have to be made in a *potjie*. Perfectly delicious ones are dished up in restaurants which have never seen an open fire. The many forms of *bredie* are well worth exploring – most piquant is *tamatie* (tomato) bredie, most poetic is *waterblommetjiebredie*, variously translated as pondweed stew and water lily stew.

Springtime in the Cape is marked by the appearance of sweet-scented white water lilies. *(Aponogeton distachyos).* The flowers are picked in the bud stage and impart a lovely green freshness to the mutton with which the dish is made. Very little else is added – a handful of sorrel plucked from where it grows alongside the lilies (OK, a squeeze of lemon will do), some seasoning, a grate of nutmeg.

More profound than the Great Trek is the Malay influence on Cape cooking. The Cape Malays as an ethnic group are somewhat misnamed: the slaves spoke Malay, but came from Java. Cape Malay cuisine is thus predominantly Indonesian in origin, although heavily influenced by Indian cooking. Since Malay cooks were much sought after in the kitchens of the Dutch settlers, traditional Dutch dishes soon acquired a sprinkling of nutmeg here, a puff of cinnamon there. The harvest of the seas was scented with golden turmeric, cumin and jeera made their way into meat marinades.

The lack of wine and brandy – both of which South Africa has produced in quantity since the early days – can probably be attributed to the Moslem Malay influence. But South Africa was not built on meat alone. Indigenous vegetables include sweet potatoes, butternut, gem squash and the like.

Butternut is held to be as close to heaven as a gourd can be. Simply roasted whole, its dense orange, sweet, smooth flesh is the perfect accompaniment to just about anything. It is combined with carrots or apricots to make delcious soups; steamed or boiled with cinnamon and mashed, it can melt the most recalcitrant meat-eater.

With some exceptions, like the ubiquitous *melktert* – a kind of custard pie dusted with cinnamon – and *koeksisters*, traditional deserts rely on the abundance of local fruits.

Extremely popular is a date tart rather like pecan nut pie in appearance, over which ladles of brandy syrup are poured while the tart is hot, and which is served with thick cream.

Fruit fritters and salads are common, and stewed guavas served with custard are what roly-poly is to boarding-school dinners in England.

The bad news for visitors to South Africa is that restaurants specialising in local cuisine are much less in evidence than Italian or American-style restaurants. The country's top restaurants all specialise in French fare. So getting a South African meal in South Africa is rather like... well, finding traditional British cooking in Britain.

This Ghanaian dish, palava sauce, is served here with boiled plantains and comes from Dorinda Hafner's *A Taste of Africa* (Headline, £9.99, 160 pages). South Africa may be hogging the headlines – culinary as well as political – but Hafner wants to communicate the vitality and excitement of the continent's many other cuisines and present some positive images of African cuisine. She looks at food from 10 different countries and has interpreted traditional African cooking into easy-to-identify Western recipes for modern kitchens

Serious socialising

Giles Kime, at the Nederburg wine auction, on the industry's future

For 20 years the Nederburg wine auction has been the high-point of the South African social calendar. What with the marquees, hats and the cut-glass tones of former Sotheby's auctioneer Patrick Grubb you could be forgiven for thinking that you were at Ascot or Henley rather than Paarl Valley. This year rain added to the illusion.

But there is also a serious intent behind the socialising. Wines auctioned at Nederburg include some of South Africa's finest, many made especially to be sold at the event. They are a mixture of old and recent vintages. This year the highest price was paid for a bottle of 1962 Nederburg Cabernet which fetched R1,100 (around £210). If anything is proof that South Africa can produce world class wine to rival Europe, California and Australia, then these wines are it.

This year, of the 1,400 people who attended, there were more buyers from overseas than over before, from the UK, Scandinavia, the Far East, the US and Canada. The overseas attendance figures reflect South Africa's new export market which is little more than three years old, born soon after President de Klerk's landmark speech in February 1991 that promised political reform.

Exports to the UK alone looked set to reached 1m cases last year, compared with 190,000 in 1990.

Nevertheless the atmosphere at Nederburg this year was of confidence tinged with uncertainty. Like any other industry in South Africa, there is a huge question mark hanging over next year's financial projections.

The face of South African wine has changed beyond recognition since Grubb first picked up his gavel in 1973. In those days it comprised little more than a mixed bag of wines of varying degrees of sweetness, sherry, some Chenin Blanc and a bit of Pinotage. Most of what was on British wine merchants' shelves during the dark days of sanctions was produced by the KWV, the competent but huge co-operative.

Gradually, in the late 1970s and early 1980s, the classic "noble" varieties began to appear. (Amazingly Sydney Back, of Paarl's Backsberg Estate, planted the first Chardonnay as recently as 10 years ago.) The learning curve has been vertical and some producers now make Chardonnay and Pinot Noir that stand up well to those from Burgundy.

But it is facile to see this as being related simply to political changes. Wines do not improve overnight because they are made in a politically correct country.

Change was afoot when the idea of "one man one vote" still seemed like pie in the sky. Improvements have been helped by the end of restrictive regulations imposed by the then powerful KWV, largely thanks to the campaigning of advertising tycoon turned wine producer, Tim-Hamilton Russell. It was evident to this wily newcomer to the industry that South Africa would never fulfil its potential under anachronistic legislation and quota systems and he worked to change this.

But at all levels of the industry, the bid to make up for time lost by economic isolation has been speedy – from excellent high volume co-ops, such as Vredendal and Swartland, to large, premium producers like Nederburg and Bergkelder. They have been aided not only by expanding export markets but also by greater contact with the outside world.

Young winemakers now travel widely, not only to the classic European regions of Burgundy, Bordeaux and Champagne, but to California, Australia and New Zealand. Prominent figures from the world of wine now visit South Africa regularly, among them Paul Pontallier, director of Bordeaux first-growth Château Margaux, Robert Mondavi from California and Paul Bouchard from Burgundy. The South African wine industry is now firmly on the world wine map and this will be reflected in the increased quality of its wines.

But, like any other industry in South Africa, the question is not only the problem of political instability but also whether higher taxation and wage rises will be on the new government's agenda. As a wine-producing region, South Africa along with Chile, Eastern Europe and Australia, shares low-production costs relative to most others. If they increase, competitiveness on the world market will be jeopardised.

What the industry has in its favour is the big value of its growing export markets and the livelihoods of almost 100,000 people who rely on it.

■ *Giles Kime is editor of Decanter magazine.*

Sweet steak draw

It augured well. Opposite me on the London Underground were three young South Africans. The men were speaking Afrikaans, but clearly the woman was less happy in this language: "Where do we get off?" she asked in English. "Shepherd's Bush", said one of the men. Perhaps they too were dining at The Rotisserie, London's South African restaurant. Like the duc des Esseintes in Joris Karl Huysman's *A Rebours* (Against Nature), who learned all he wanted to know about Britain from visiting an English tavern in Paris, I aimed to glean the maximum amount about South African food from a restaurant in London.

The Rotisserie did not give an overwhelmingly South African impression. I asked the patient and good-natured manager what I should eat.

"Have the tiger prawns and the *peri-peri* (chilli sauce)". He said. "Do I get Mrs Ball's chutney with that?" "No, you eat that with your steak". Steak, he said, was a typical South African dish, which did not make South Africa sound very different to the US, Australia or Ireland.

"You have great meat here", he said, "but you don't know how to cook it. In South Africa we know how to treat good meat." The meat arrived. It had indeed been treated; bathed in a sweet marinade which not everyone at my table liked. Mrs Ball's chutney was also rather sweet.

The atmosphere was young and fun. There were South African wines and good, juicy steaks; but I was going to have to look elsewhere if I was to discover real South African food. One excellent tip I received was to call Emory St Marcus, owner of St Marcus Fine Foods, in Putney, south London. St Marcus is the man who supplies homesick South Africans with their needs, from biltong to chocolate bars.

Biltong is dried meat in the manner of *viande des grisons bresaola* or *Bündnerfleisch*. The meat is salted, marinated and dried. The word derives from "buttock-tongue" because it was cut from the buttock, and looked like a tongue.

Biltong can be made from any animal. There is currently some speculation as to whether we will see ostrich biltong in the UK once the new British ostrich farm is up and running. Game of all sorts is used and both St Marcus, and Susman's Best Beef Biltong in Sussex makes a venison version.

The difference between biltong and the Swiss and Italian versions seems to lie in the marinades. Basic St Marcus biltong has a lot of coriander in the marinade. Pre-cut, it tends to dry out. I much enjoyed the Susman "wild venison" – gaminess seems to add a dimension to biltong.

Also on the dry side is *Droëwors*, which St Marcus compares to the German *Landjäger*.

Sosaties are South African kebabs. St Marcus makes versions from beef, lamb and pork. The highly-spiced meat is alternated with pieces of fruit: apricots and pineapple. More to my taste was *boerewors*, the finely-minced beef sausage which comes in a coil like a Cumberland sausage. The basic mixture of 87 per cent beef and rusk is marinated in vinegar before being filled into runners.

Susman's supplies a good many of the top shops in London. St Marcus offers anything from South African fruit juices and wines to some of the more important staples of the Capetown table such as monkey gland sauce and *peri-peri*.

■ Information: The Rotisserie, 56 Uxbridge Road, London W12. Tel: 081-743-3028. St Marcus Fine Foods, 1 Rockingham Close, off Priory Lane, Roehampton, London SW15. Tel: 081-878-1898. Susman's Best Beef Biltong, 36 Hillcrest Road, Newhaven, Sussex. Tel: 0273-516160.

Giles MacDonogh

Cookery/Philippa Davenport

Fish for feasting

My knowledge of South African cooking is minimal. I have tucked greedily into steaming dishes of *bobotie*, described as South Africa's answer to shepherd's pie, and I have feasted on marvellously aromatic mangoes whipped up into mousses and ice creams or simply cut from the stone in crescent moon slices.

And that was it until a reader wrote and introduced me to one of her family's favourites. She serves it as a light lunch dish or a first course for dinner, with good bread and butter on the side and a salad of green leaves laced with slivers of avocado.

CAPE PICKLED FISH
(serves 6-8)

Shut the doors and open the kitchen windows wide before you embark on this recipe and do not close the windows for an hour or so afterwards. Otherwise, the smell of frying fish and vinegar fumes might overpower the cook.

Ingredients: 2¼lb thick fillets of hake or cod, cut into 8-12 pieces; 7 fl oz oil; 3 large onions, sliced wafer thin; ¼lb pale muscavado sugar; 3 tablespoons finely-chopped chillies; 1 tablespoon finely-chopped fresh ginger root; 3 tablespoons curry powder; 2 teaspoons sea salt; 1 teaspoon lightly-toasted and crushed coriander seeds; 4 bay leaves; 1pt wine vinegar.

Method: Wash the fish, thoroughly pat it dry and remove any visible bones. Heat ¼pt of the oil in a large, heavy-based frying pan until a light haze appears. Then, fry the fish in batches for three to four minutes on each side until golden brown. Drain well on crumpled kitchen paper.

Discard the oil remaining in the pan. Wipe out the pan and put the remaining 2 fl oz of fresh oil into it. Heat it and sauté the onions gently for 10 minutes or so until soft and golden.

Sprinkle the onions with the sugar, add the chillies and ginger, curry powder, coriander, bay and salt and cook over a low flame for two minutes, stirring continuously.

Mix the vinegar with ½pt cold water and pour it into the pan in a thin, steady stream, stirring the contents of the pan all the time. Bring to the boil and then simmer, uncovered, over minimal heat for 10 minutes to allow flavours to blend and volume to reduce a little.

Lay the fish in a dish, overlapping the pieces slightly to make them fit if necessary, and pour on the contents of the pan to immerse the fish completely. Cover tightly with food film and foil and refrigerate for at least two days before eating so the marinade permeates the fish well.

BOOKS

The star from absolutely nowhere

***Nigel Andrews** is kept guessing by the growing legend of the great bad boy of American cinema*

The oddest thing about Jack Nicholson's superstardom is the way it began; or rather for ten years did not begin. From the late 1950s to the late '60s any fan of bargain-basement American cinema could have seen this actor in any number of lead roles. I did myself. But dashed if I or anyone I knew back then ever picked him out for major stardom.

He was principle juvenile in Corman's *The Raven* and *The Terror* (both 1963); lead cowboy in two back-to-back Monte Hellman Westerns, *The Shooting* and *Ride In The Whirlwind* (1966); prominent biker in *Hell's Angels On Wheels* (1967). In every role he was the same, combining the forgettable good looks of a young Bob Cummings (remember him?) with the acting ability of a plank of wood.

But when Nicholson played a supporting part in *Easy Rider* in 1969 – the twangy, worldweary Southern lawyer – he became an overnight sensation. Up went the salary; up went the living altitude; and up went the adrenalin of Hollywood gossip writers, sensing new copy in this fast-living, slow-talking, high-rolling man from absolutely nowhere.

Patrick McGilligan's entertaining, well-researched book spares little in the matter of cocaine, womanising and the rest. Much of this, though, is born-again newspaper stuff, skilfully re-assembled. The real *pièce de résistance* is the account of Nicholson's childhood and genealogy.

He was brought up by a grandmother masquerading as his mother, even though his real mother was alive and around. He grew up amid a sea of relatives, mostly females beginning with "E". (Try to keep up with the Ellas, Emmas and Ethel Mays). And his real father – well, who was his real father? Was it John J. Nicholson or Eddie King or (shortest odds) Don Furcillo-Rose, who lived and apparently still lives in New Jersey and has yet to meet his probable son.

This is all grist to the legend, which as with all stars is more interesting than the facts. As the great bad boy of modern American

JACK'S LIFE: A BIOGRAPHY OF JACK NICHOLSON
by Patrick McGilligan
Hutchinson £18.99, 475 pages

cinema, Nicholson would have to have been born on the wrong side of the sheets. As a late starter, who needed the right off-kilter role before maturing, he had to have had all that multiple mothering. And as a chameleon actor capable of every colour from antic mockery (*Batman*) to high emotionalism (*Five Easy Pieces, A Few Good Men*) to Stanislavskian self-effacement (*Ironweed*), he had to have all that warring Irish-American-European ancestry in his genes.

Rich as McGilligan's material is, one has to quibble that a whole, consistent portrait of its subject never quite appears. There are finally too many Nicholsons. On one page he is a pleasure-seeker who uses and abuses women and friends, much as he uses and abuses certain substances. On another, he is he a control freak and right-wing homophobe. Now he is an instinctive actor, now a cerebral one; now a miser, now a spendthrift. Greatest riddle of all: is he a Citizen Kane imprisoned by his own wealth and fame or a Jolly Jack Star, riotously indifferent to the protocols of celebrity?

The guessing game keeps us reading, but by final page we are still guessing. Does it matter? Not much. En route there is plenty to enjoy and to take home to form your *own* theories. I loved the account of Nicholson's Z-movie apprenticeship under the mythic Corman: one of whose cost-saving devices was to tear apart a script, giving each actor just his own bit. I hung on, as if to some compulsive soap opera, to the will-they-won't-they-find-happiness romance of Jack and Anjelica Huston (sometimes ill proof-read as Angelica). And a collector of filmic tittle-tattle could dine out for life on tales of the plum roles Nicholson rejected en route to stardom: from Jay Gatsby to Michael Corleone in *The Godfather*.

It is only when McGilligan reaches for the final brushstroke or the Big Statement that the book wobbles. Or when the writer draws himself up for some clinching epigram on aesthetics. On Nicholson's three admittedly non-brilliant attempts at directing – *Drive He Said, Goin' South, The Two Jakes* – McGilligan says: "He did not lead a structured life. He could hardly be expected to make a structured film."

Ah – really? Dear Vincent Van Gogh (or William Blake or Orson Welles or Fyodor Dostoevsky). You do not lead a structured life, so you can hardly be expected...

Secret lives of the Victorians

***Jackie Wullschlager** on the sexual culture of an age which has become synonymous with prudishness*

If we know one fact about Queen Victoria, it is that she was a prude who was Not Amused. When the 15-year-old Prince of Wales kissed a girl on holiday, Victoria was scandalised and the Prime Minister, Gladstone, made a public statement regretting "this squalid little debauch". Around the same time, the Queen invited the painter John Millais to court; but his wife Effie was turned back at the gate, ostracised because she had formerly been Mrs Ruskin. Yet so repressive was Victorian sexual culture that, when Ruskin had declined to consummate the marriage, Effie had for years understood neither that anything was wrong nor why she had no children.

Stories like these crystallise our view of a 19th century England fettered by morality and bigotry. But what was the erotic life of the Victorians really like? In this bold new book, Michael Mason reinterprets Victorian sexual culture and unpicks some of its most common stereotypes.

Out for example, goes the myth of the shy courting couple who barely knew each other: 40 per cent of Victorian brides were pregnant on their wedding day. Out, too, goes the worn down wife who could not control her fertility – contraception was widely used from the 1860s. Contrary to popular belief, frustrated bourgeois husbands did not resort *en masse* to brothels – prostitution declined in Victorian England – and table legs were not dressed in frilly skirts for modesty's sake – that was a modern joke mistakenly taken up as fact.

Twenty years ago, Michel Foucault pioneered the idea that the 19th and 20th centuries were far more united in their obsession with sex than divided by repressive and anti-repressive attitudes to it. This book develops Foucault's theme. Mason sees the Victorian sexual code as progressive, socially aware, governed by enlightened self-interest rather than narrow moralism: in many ways close to our own. A key difference was the 19th century belief in discipline and unobtrusiveness, values belonging to a broad culture of social respectability and propriety. A surprising similarity was a strong emphasis on sensual pleasure.

Explicit talk and bedroom boasts then were bad taste, but a first date was often intimate.

THE MAKING OF VICTORIAN SEXUALITY
by Michael Mason
OUP £17.95, 338 pages

When Nora Barnacle, at the turn of the century, first walked out with James Joyce, she marched him to a quiet street, unbuttoned his trousers and slipped in her hand. Women routinely watched men bathing nude in the sea – often to be disappointed by "the action of cold water". And the Victorian conviction that women only conceived if they reached orgasm – a view that "dignifies female erotism" – intimated that wives were having a good time.

Mason fleshes out his arguments with statistics, medical records, demographic data. Condoms were twice as expensive in relation to the average wage as today, and were often advertised by direct mail to couples announcing a birth in the press. Miners were the least likely workers to use them. Chimney sweeps had the most short lived relations with their concubines.

This is interesting, but it does not explain why Mrs Ruskin languished as a virgin and the Prince of Wales got into trouble for a kiss. The serious weakness of this study is that Mason rarely recounts stories of such human interest. By ignoring them, he makes a potentially explosive book tepid and unsatisfying, and misses out on crucial aspects of 19th century culture which contributed to the making of Victorian sexuality. The result is a viewpoint so engrossed in academic detail that it loses sight of major issues.

The omissions are unforgiveable. There is no reference to Victorian England as a pre-Freudian society which, unlike our own, did not regard sex as the central human drive. No acknowledgment that the cult of female purity – see characters such as Little Nell or Millais' "Cherry Ripe" – tipped easily into a code of ignorance and repression. No discussion of the effect of popular restrictive works like Bowdler's expurgated Shakespeare. Not a glance at the link between sexual restraint and social cohesion in the mind of a middle-class terrified of godlessness and anarchy.

Anecdotes reveal such complex influences on sexual behaviour better than theories and statistics. A few of them – Queen Victoria's account of "being clasped and held tight in the sacred hours of the night when the world seemed only to be ourselves", say, to illustrate the happy sex life of a famous prude – would have enormously enriched Mason's book. Without them, it barely comes alive. Volume II about the sexual creeds of individuals is promised, and may redress the balance. Meanwhile, Mason's thorough research and original arguments are to be welcomed, but the field remains open for a more comprehensive study of a fascinating subject.

Victorian erotica: did it reflect a progressive, rather than repressive, era?

Suffer the little children

We have got it all wrong when it comes to our children. We treat them as hobbies. We refuse to listen to their views. We closet them in faceless day-care centres while we go out in pursuit of more money. We buy them Reeboks and Nintendos but will not give them the guidance and stability they need. We look down on anyone who gives up a job to be a full time parent.

Penelope Leach's portrait of children in western societies makes uncomfortable reading. This leading childcare expert has decided that children are an under-privileged minority, and has written a tract to galvanise governments, schools, parents and adults in general into putting children first.

Until now Leach's main audience has been the parent. More than three million own a copy of *Baby and Child* and know off by heart the importance of demand feeding, of never letting baby cry and of avoiding conflict with toddlers. The author now argues that this is not enough. Society is failing our children.

According to Leach, things start going wrong the minute a child is born. Too often the baby is not allowed to "bond" with its mother after birth, probably will not be breastfed for long, and soon may find itself rudely shoved into day care. This will be followed by a race for early development, in which the child is forced through the hoops by ambitious parents who will not allow them to develop in their own time. They are then disciplined by adults who mistakenly believe punishment is more effective than example. When children reach school, they are abandoned to overburdened teachers, computer games and classroom bullying, with parents playing a negligible role in turning them into moral social animals.

If this picture is accurate – and Leach asserts rather than proves that it is – it is clearly something that we should be worried about. Yet her message is undermined by the humourless tone in which it is delivered.

Children First is going to make some people very cross. Leach never says mothers should not work, yet the subtext is quite clear: parents should spend more time with their children. This is a daring thing to say to a generation of successful working mothers who have fought for the right to a career.

Yet Leach is not just talking about those women, but about all parents, many of whom are having a wretched time trying to bring up their families in a society that gives them maximum responsiblity and minimum assistance.

So what can be done? Leach argues for mass subsidies to end the growing horror of child poverty. She argues for safe-

CHILDREN FIRST
by Penelope Leach
Michael Joseph £14.99, 302 pages

guarding children's rights, for much longer paid maternity leave, for time off to tend sick children, and for shorter and more flexible working hours.

She also wants staying at home to be made nicer. Families could live in communes with relations or friends with children of similar ages. Instead of commuting, parents could do more work at home, by telecommuting, and groups of parents doing this together could share the care of the children, and all local areas would have a child centre.

Most of these ideas are admirable. Yet they are going to cost a great deal of money. Leach denies these are remedies we cannot afford – she says they are ones we cannot afford to ignore. She makes some attempt to prove that money spent on children today is money saved later. But mostly she expects you to take it on trust. Her liberal neighbours in Hampstead might be inclined to agree. But would Michael Howard?

Lucy Kellaway

Fiction / Joan Smith

Flight fancy

At first glance Paul Auster's new novel is a straightforward story of an orphan boy from the American Mid-West who learns to fly. Yet the fact that the book is set during the pioneering days of aviation is a sly joke on Auster's part: his protagonist, Walter Rawley, is no more than a distant observer of the daring new world of manned flight.

"I was twelve years old the first time I walked on water" is how Walt begins his first-person narrative, and he goes on to relate his painful initiation

MR VERTIGO
by Paul Auster
Faber £14.99, 278 pages

into the strange, logic-defying art of levitation. Plucked from the streets of St Louis at the age of nine, Walt spends three years on a remote farm in Kansas undergoing a series of ordeals devised by Master Yehudi, a sinister Hungarian saved from outright charlatanism by a kindly streak.

Yehudi's harsh methods slowly transform the orphan into Walt the Wonder Boy, whose aerial stunts draw astonished crowds from coast to coast. Yet Walt's status remains ambiguous. The extraordinary gifts which Master Yehudi has developed in him are put to no greater use than the accumulation of money, and they fade as soon as puberty subjects him to crippling bouts of vertigo.

"You know nothing", Yehudi tells Walt, explaining why he has selected him from the thousands of hungry kids begging on the streets. "You know nothing because you are nothing". Walt is singled out not for any innate talent but for its polar opposite, a lightness of character which allows him literally to rise above his peers.

Walt's story is also that of his century, of turning away from confused ideals of white America's European roots to an obsession with making money; having lost his levitational skills, Walt winds up as the proprietor of a laundromat chain. "I did what no American had done before me, what no one has ever since", he boasts, encapsulating the paradoxical spirit of the 1920s: unbounded ambition, foolish pride and child-like innocence.

This is a heavy burden of symbolism for a novel to bear and it is often a relief to hear Walt's no-nonsense voice expostulating over Yehudi's flights of fancy. Walt protests: "I hate to be a party pooper, sir, but this beauty stuff's a great big ho-hum. I mean, who cares if a place looks crummy or not? As long as it's got some people in it, it's bound to be interesting. Subtract the people, and what's left? Emptiness, that's what?"

This little speech points to the novel's most serious flaw. At its heart is a cold perfection, a sense of deliberate disengagement which holds the reader at arm's length. *Mr Vertigo* is a class act, but one whose impact does not linger once the show is over.

Spooks at large

In Le Carré's *The Secret Pilgrim*, an ageing George Smiley is quick to reassure those student spooks who fear they have no future after the collapse of the Berlin wall: "With each new alignment, each rediscovery of old identities and passions, with each erosion of the status quo, the spies would be working round the clock."

The New Spies, as identified by Sunday Times journalist James Adams in this far less brilliantly written piece of non-fiction on the intelligence community, are a motley collection. They include politically correct CIA operatives, under orders from Clinton to keep an eye on environmental abuse; reformed KGB apparatchiks, happy to throw open their files to western academics; and a new breed of British spies who are making every effort to convince the public what really decent folk they are.

These spies have one thing in common: an extraordinary capacity to reinvent themselves when faced with the threat of political extinction. The new war they are engaged in is not an ideological struggle between communism and capitalism, but a concerted campaign to convince politicians and the public that, without our spies, the world would be far more dangerous and unhealthy.

In surveying the activities of the intelligence agencies in recent years, Adams casts doubts over the sincerity, not to mention the efficiency, of spies old and new, while never pushing the extreme case for the prosecution: that the world would in fact be a much better place without them.

Adams rightly asserts that the image created by the ex-MI5 spycatcher, Peter Wright, of a bunch of "buggers and burglars" understates the complexities of secret services world wide. Crookery and conspiracy form part of espionage, but they are not the whole story. Too often intelligence failings have been the result of higher political priorities and in-built systems of government that ensure that warnings are ignored, and rival agencies spend more time fighting each other than protecting the national interest.

Bureaucratic inertia and inter-service rivalries between US agencies is mirrored in Adams' account of British

THE NEW SPIES: EXPLORING THE FRONTIERS OF ESPIONAGE
by James Adams
Hutchinson £17.99, 352 pages

intelligence in Northern Ireland. Adams notes that the single factor setting Britain apart from international counter terrorism is not the professionalism of the IRA, but "the incompetence of the counter-terrorist forces."

As for the Russians, they remain duplicitous. The public face of the new KGB, Yevgeny Primakov, appointed by Yeltsin in October 1991, tells Adams that the organisation has repudiated the "old ideological model" and is now working exclusively "in defence of the national interest". In practice, this has meant the Russians embarking on economic espionage and being uncooperative with the West in providing information on its biological warfare stockpile.

Moscow Centre is still influenced by a basic distrust of the US and British intelligence agencies, both of which have set up an extensive network of agents and controllers in the former soviet republics.

And yet the new Russia has still left the new spies having to justify their budgets. The spooks' agenda has expanded to include cooperation against Islamic fundamentalist terrorists, nuclear proliferation in the third world, and drugs traffiking.

Meanwhile intelligence agencies have made some attempt to streamline their organisations and make themselves more accountable. Adams concludes however that the internal reform of the agencies has been too limited to meet the challenges of a fast changing world.

His book is a noble attempt to shed light on a difficult subject but not a definitive history. Although it pulls few punches when it comes to identifying intelligence blunders, it is inexplicably restrained when tackling some of the murkier episodes – such as the CIA's involvement in the BCCI affair, and the British intelligence services' role in *Iraqgate*.

Jimmy Burns

Maverick tastes

In one of the liveliest essays in this book, John Forrester quotes Freud's suggestion that an old bachelor collects snuffboxes in order to pursue his need for a multitude of conquests. Freud saw his own passion for collecting antiquities as extravagant and reckless – a redeeming trait on which he could draw when defending himself against charges of "petit-bourgeois correctness".

The editors of *The Cultures of Collecting* are at pains to emphasise that they are concerned with an activity more wild and maverick than mere "orthodox connoisseurship". Noah, "the first collector", is invoked as a figure obsessed with possessing a complete category in each and every of its variations. In Roger Cardinal's essay, Kurt Schwitters is portrayed as a collector untrammelled by established boundaries: Cardinal repeatedly notes the disgusting, filthy and possibly smelly oddments that he assembled for his collages.

Many of the illustrations support this sense of a disregard of limits. Anthony Alan Shelton, analysing Renaissance collecting, includes among his striking visual images an engraving of a museum in Naples, in which shells, fish and other such exhibits cover

THE CULTURE OF COLLECTING
edited by John Elsner and Roger Cardinal
Reaktion Books £25, (pb £10.95), 312 pages

the entire ceiling and spare wall-space.

Nicholas Thomas provides an intriguing account of collisions between raffishness and respectability in late 18th-century perceptions of exotic objects. The concept of curiosity, so central to the pleasure offered by such objects, could only with difficulty be rescued from imputations of sexual licence.

Elsner and Cardinal, however, choose as their introductory essay a translation of part of Jean Baudrillard's *Le Systeme des objets*, which hardly encourages a view of collecting as engagingly flamboyant. Assembling objects is, Baudrillard argues, a discreet variety of sexual perversion, a form of fetishism, a retreat from personal relationships.

The main problem with this as a starting-point for further discussion is that it deprives the impulse to collect of the singularity that interests the reader in the first place. Like any other human desire, this impulse turns out to be all too easily and directly linked to sexuality and the fear of death.

Fortunately, other essays, in examining specific assemblages of objects, establish such connections in more oblique and beguiling ways, such as Susan Stewart's exploration of the complex, poignant process through which a late 18th-century American artist used both his paintings and his museum of natural objects to come to terms with the deaths of four of his infant children.

Chloe Chard

The double life of Will Shakespeare

Who was the Bard? ***Anthony Curtis*** *investigates*

Was Shakespeare a government spy? Certainly he seemed to know something about surveillance on the evidence of *Hamlet*. The audience is not only shown two alleged students, Rosencrantz and Guildenstern, as Claudius's spies, but also sees Polonius sending agents to Paris to spy on his son. Graham Phillips and Martin Keatman in *The Shakespeare Conspiracy* argue that the playwright, born on April 23, 430 years ago, was part of an Elizabethan and Jacobean spy network. They explore the curious double life of William Shakespeare Esquire of Stratford, land-owner and grain-dealer, and Will Shakespeare of Blackfriars, the writer.

Their conclusions will raise eminent hackles in places like the Shakespeare Institute but the whole thing makes an exciting bedtime read, an Elizabethan gumshoe fantasy, fleshed out with much authentic period detail, which kept me eagerly turning the pages in spite of the writers' tedious habit of saying everything twice over. The point of entry into their argument is that none of Shakespeare's Stratford contemporaries realised that he was a writer.

To them he was a local business man. A 17th century engraving of the monument beside the tomb of Shakespeare in Stratford's Holy Trinity Church shows a mercenary looking gentleman with a sack of grain. There is no quill pen or writing material visible – as in the monument we know. But there is the Latin inscription comparing him to Nestor, Socrates and Virgil. Phillips and Martin have a hard time explaining that away.

More plausibly they argue that by the end of his life Shakespeare was severely disabled. They believe Shakespeare kept his writing career secret because it was a cover for his spy work. Marlowe was a spy, so why not Shakespeare? The trouble is you can argue the toss from the given data that Shakespeare in his other career was in almost any profession you like, and get away with it. Surely the only thing that greatly matters now is that he – whoever "he" was – wrote the plays.

We know many facts about the life of Shakespeare but, as Stanley Wells, director of the Shakespeare Institute at Birmingham University, says in his new book, "what we know includes very little of what we should like to know". We know nothing of his private life, nor do we know how an obscure provincial teenager, with a background in the glove and wool business, got from Statford-upon-Avon to London to become the famous actor-director-poet-playwright.

Wells is not in the business of speculating. He does not mention A.E. Honigmann's view – in *Shakespeare: the lost years* (Manchester, 1985) – that the transition was via the Catholic Hoghton family at their stately home in Lancashire, where one Will Shakeshafte was engaged for a time as a tutor and player. Wells, a sound, sensitive Shakespeare scholar, co-edited *The Complete Works* in 1986 for the Oxford Press. The volume caused a storm in the Shakespeare teacup by its tinkerings with the texts; for example, putting back Sir John Oldfield's name – the original of the fat knight – for that of Sir John Falstaff. This book is likely to prove less controversial and more rewarding.

Wells begins, asking "Who is Shakespeare?", with the bare biographical bones. They are the evidence for Shakespeare's marriage by special licence at 18, to Anne Hathaway, of nearby Shottery, aged 26. Anne gave birth to a child, Susanna, after six months of wedlock. Two years later came the birth of the Shakespeare twins Judith and Hamnet, girl and boy, baptised in 1585. Hamnet died aged 11 in 1596. Having lost a son called Hamnet, Shakespeare wrote a play about a man called Hamlet who lost his father.

A section follows on the extent of Shakespeare's reading. Even here we are not on completely firm ground. It cannot even be proved that Shakespeare attended Stratford-upon-Avon Grammar School. Wells, like most commentators, assumes he did.

If a Shakespeare library were to be restricted to one essential work of reference it would have to be Geoffrey Bullough's edition of the *Narrative and Dramatic Sources of Shakespeare* (1957-75); but that is a hefty, expensive eight volumes and difficult to acquire (let us hope they may come up soon on a CD-Rom). Meanwhile Wells provides a useful overview of Shakespeare's bookish knowledge.

SHAKESPEARE: A DRAMATIC LIFE
by Stanley Wells
Sinclair-Stevenson £20, 403 pages

THE SHAKESPEARE CONSPIRACY
by Graham Philips & Martin Keatman
Century £15.99, 230 pages

Anyone who buys Stanley Wells' book on the strength of the sub-title, "A Dramatic Life", is likely to be disappointed. After a useful survey of the theatre at this time, all the rest is a critical commentary on the plays and poems codified by place-names. One typically over-loaded chapter is headed "Comedies of Verona, Padua, Ephesus, France and Athens". But it is a refreshing change from normal scholarly practise to discover Wells citing individual performances by the RSC and other companies in support of his perceptions.

Should children be made to read at least one Shakespeare play while they are at school? From 1992 Shakespeare became a compulsory part of the National Curriculum but there are some teachers who resist the requirement. The Arts Advisory Group of the Royal Society of Arts, chaired by Andrew Fairbairn, set out to investigate the matter. It took a wide variety of schools in Leicestershire as sample. The results, given in *Shakespeare in Schools Project 1992-94* (RSA £5.00, 8 John Adam Street, London, WC2N 6EZ), are encouraging. The report concludes that Shakespeare can be made accessible to children regardless of their ability and that to study him "can be an enriching experience for all pupils aged 5-18 years". It is good to have that obvious fact spelt out at last with many appreciative comments from the children.

A right royal background

Walter Bagehot was a lucky man. When he wrote *The English Constitution*, in 1867 including the famous section on the monarchy, he could have had no idea that Queen Victoria would go through a period of intense unpopularity, yet survive to be mourned as a supreme national symbol in 1901.

Still less could he have known that succeeding kings and queens would take his words as holy writ. In 1894 the future George V was given a Cambridge tutor in constitutional history. Bagehot was almost the sole text. The king-to-be wrote in his notes that kingship in Britain is "still a great political force and offers a splendid career to an able monarch".

George VI was steeped in Bagehot too and so, in those years before close heirs to the throne went to school, was the present queen. The key passage is that the sovereign has three rights: the right to be consulted, the right to encourage and the right to warn. Those rights have remained gospel, accepted by monarchs and prime ministers alike.

At least until the late 1980s, when family troubles began to beset her, Queen Elizabeth II was a very lucky woman. She was named Elizabeth not after Elizabeth I, but after her mother. Probably she would not have become queen without the abdication of Edward VIII, and she would not have reached the throne so young without the premature death of her father George VI.

She did so at a time of hope. "It may well be", prime minister Churchill said of her Commonwealth coronation tour in 1953, "that the journey the Queen is about to take will be no less auspicious and the treasure she brings back no less bright than when Drake first sailed an English ship around the world."

Over 40 years later, at the very least she has stuck to the Bagehot rules when much around her has changed or collapsed. One of the biggest changes of all, Kenneth Harris points out, has been in the royal family itself. "When she became Queen, there were only her mother, her sister, her husband and herself. By the mid-80s there were at least 20 royals." It is the proliferation of lesser royals, rather than the monarchy as part of the constitution, that has caused problems.

THE QUEEN
by Kenneth Harris
Weidenfeld & Nicolson £20, 341 pages

Harris suggests that his book, simply called *The Queen*, is not so much a biography, more a way of life. "The Queen: her background and times" might be a more pretentious title, yet it would be more accurate. The book falls into three unequal parts. The first, best and longest covers her upbringing and her recent ancestry and family influences. The second is a summary of what has happened in the last 30 years or so. The third is a fairly anodyne epilogue of the author's thoughts on the monarchy.

To a retentive memory, there will be little that is new, though even good memories need to be jogged. I had forgotten, for example, that there is still an unanswered question about how much the Queen was told of the preparations for Suez in 1956. She might have been expected to warn against the operation.

As for judgments, Harris treads successfully what Kenneth Baker once called "the narrow strip of land that lies between sycophancy and rebellion". "So long as she is there," he concludes, "the monarchy seems secure." Then he predicates a new lease of life from Prince Charles. That seems to me dangerous ground. Practically all predictions about the future of the British monarchy have been wrong and, like Victoria, the present queen may last a very long time.

Malcolm Rutherford

Regional Theatre

Satirical bark from Bulgakov

Bill Paterson as a dog? No, not really. The laconic limner of wry scepticism or understated intensity is happier once Professor Preobrazhensky's scalpel has worked its miracle and the stray pooch, human testes and pituitary gland firmly implanted, is transformed into Poochikov.

Nothing becomes Mr Paterson's portrayal of the titular canine in this adaptation of Mikhail Bulgakov's novel *The Heart of a Dog* so much as his leaving of it. As Pooch he wears long-johns, a Mickey Mouse nose and what appear to be trainers covered by socks for front paws. Doggy characteristics, even by the standards of clowning, are perfunctory. As the "complete humanisation" of the professor's experiment he dons white spats, a shocking pink tie and a filthy suit whose bagginess makes Chaplin's tramp look like a Saville Row model.

This louche, leering Frankenstein of the early Soviet system uttered his first satirical bark in 1925, waiting incredibly until glasnost for publication in Russia itself. The scientific optimism lampooned by the story, a Panglossian belief that all's for the best in the most materialist of all worlds, has returned today in a new guise: genetic engineering, apparently offering the solution to society's problems.

As in a moralistic fairy-tale by E. Nesbit, the magic goes horribly wrong, the fantastic and grindingly mundane in sometimes hilarious conjunction. No loveably earthy proletarian innocent – Panza, Papageno, Schweik – Poochikov is a drunken, thieving lecher who betrays his creator. "The real horror," as the professor realises, "is that he no longer has a dog's heart but a human one." The brave new world that had such people in it also produced J. Stalin.

Mark Wing-Davey's production at Edinburgh's Royal Lyceum theatre favours bold physical strokes which tend to bulldoze over the words of Stephen Mulrine's adaptation. Mulrine's translation of another Russian play also seen in Edinburgh, *Moscow Stations*, showed a gift for haunting bittersweet irony. There are some signs of subtlety here too, as when bureaucracy inevitably requires documents for the humanised canine, and an identity is created from scratch. And the newly-disillusioned of the liberated eastern bloc may smile bitterly at lines like "Once you've tasted the good life who needs freedom?"

The production's taste for Expressionist grotesquerie excels with the trio of apartment-block apparatchiks, all doll make-up and cartoon hair styles, and the operation itself, performed to a sound-track from *Aida* – "Ritorna vincitor!" mimes the nurse, proffering a pair of testicles to the doctor. The differing styles may gel in time. As yet Angus Wright's passionate naturalism as the professor's disciple stands out, balanced by Caroline Harker's stylised, wide-eyed nurse. Bill Paterson's creditable Rab C. Nesbitt impersonation perhaps seeks another context.

Martin Hoyle

Package holiday passions

John Godber's characters are moving steadily up in the world; so is his reputation as a playwright. In terms of output he is becoming almost as prolific as Alan Ayckbourn and other similarities have developed. Godber commands his home ground at the Hull Truck Theatre much as Ayckbourn commands the Stephen Joseph Theatre in Scarborough. It is a fair bet that a Godber work in Hull will reach London.

There was a time when the environment of his plays was almost entirely local. In *September in the Rain*, 1984, it seemed an adventure for the characters to move from Yorkshire into Lancashire. Blackpool was the holiday mecca, and a run-down hotel was where they stayed.

Now they cross to the continent. *Passion Killers* is the final play in Godber's trilogy about Britons abroad. *On the Piste*, which takes place on the Austrian alps, had a good run in the West End last year. *April in Paris*, part of it set where its name suggests, is still running. *Passion Killers* takes us to Benidorm or, as one of the characters puts it, the Spanish Blackpool.

From Hull to Benidorm: a scene from John Godber's 'Passion Killers'

Hull, however, is where the piece begins and ends. Godber's characters now have candlelight dinners at home. They also have jobs. One women is a lecturer at Hull University. Of the two men who matter most, one is a teacher turned journalist, the other is an executive in a bread company. This is the move into Ayckbourn territory.

Yet Godber is a tenderer writer. Very little of his comedy is black. When the business executive tells a lie in Benidorm – that he is unmarried – there is a palpable sense of shock, though it turns out that the woman he is chasing sees through him because he goes to bed with his socks on.

Tom, the former teacher, receives the most sympathetic treatment I have ever seen given to a journalist on stage. He describes himself as "emotionally pathetic, reasonable, understanding, educated and soft". When he thinks that he is falling in love with a girl in Benidorm, he does not pursue her. "I wonder if it may be alright if I kissed you," he says timidly. "Better not," she replies. "I've never been *asked* before."

I wondered slightly which paper Tom works for, but this is a remarkable part beautifully played by Mark Addy. Godber himself was once a teacher; possibly he believes that such a background must be virtuous, yet the role never strays into sentimentality.

There are two other men in the cast, more of the football hooligan type. They wander in and out and remind one of Godber's earlier plays; yet here again there can be pathos: even the biggest lager louts have feelings.

The wives at home in Hull double with the women on holiday. In Spain they are more prominent and look like young over-made up girls. In fact they are 31 and 37, having lied about their age to get into the holiday club. This background of not telling the complete truth is one of the most intriguing aspects of the play. Some scenes remind you of a modern, down market *Importance of Being Earnest*.

Godber directs himself and the refurbished Truck Theatre looks splendid. If you live remotely nearby this is the place to see his work.

Malcolm Rutherford

ARTS

This month sees the start of the music festival season. Our critics report

Salzburg tunes in to Abbado

This year the festival emerged with a new identity, says ***Andrew Clark***

Salzburg's Easter Festival is dead. Long live the Salzburg Easter Festival! Five years after the burial of Herbert von Karajan, its founder, the festival has finally emerged from mourning with a new identity – less personal perhaps, but more modern and more ready to take risks.

This Easter saw several "firsts" – the first with Claudio Abbado as artistic director; the first to be supervised by a foundation working for the festival's long-term future; the first with a series of inexpensive contemporary music concerts; and the first to divide its audience, judging by the storm of boos at the final curtain of *Boris Godunov*. Karajan must be turning in his grave.

To reassure the faithful, Karajan's widow Eliette is chairing the festival foundation, applauding the Mortier revolution at the summer festival and speaking of the need to avoid a museum culture.

With Abbado at the helm, there is little danger of that. Nevertheless, his hand is constricted: to settle the bills he depends on 4,000 conservative subscribers, mostly inherited from the Karajan era. Paying up to Sch13,200 (£780) each for a block of three symphony concerts and one opera, they take a week's holiday and make the Easter Festival part of their social calendar. Mass disaffection would bankrupt the festival.

How, then, does Abbado intend to assert his progressive credentials? What does he want from Salzburg? It is now virtually the only place where he conducts opera. After this year's *Boris*, to be repeated in the summer with cast changes, there will be a new *Elektra* in 1995.

Last year's fall-out with Mortier over co-production plans has left the Easter Festival needing a partner for *Elektra*, but both sides have compromised over the following two years. A new *Otello* in the summer of 1995 will be revived at the 1996 Easter Festival, an unusual case of Abbado taking over a production premiered by Riccardo Muti. One wonders how Easter subscribers will enjoy paying higher prices to see a second-hand production, albeit with Domingo replacing Ben Heppner in the title role. The Easter Festival is back in the driving seat for the 1997 *Wozzeck*.

For diehard conservatives, who saw the Easter Festival as a refuge from Mortier's summer experiments, some of this will be unsettling – as will plans to bring the concert repertoire into the 20th century with a a programme devoted to Shostakovich and Lutoslawski next year. This year's chamber music series at the Mozarteum, *Kontrapunkte* (Counterpoints), picked up the Russian theme of the festival but with a modern slant, were well attended and enthusiastically received. The big discovery for me was Sofia Gubaydulina's Trio for harp, double-bass and percussion (1988), in which she explores this unusual instrumental combination in delicate half-tints, avoiding the self-conscious sound games of several other works in the series, notably by Schnittke. *Kontrapunkte* may be crumbs from the rich man's table, but when they are as well planned and executed as this (with the Berlin Philharmonic's chamber ensembles in full array), they merit their place.

This year's main festival programme produced uneven results. Georg Solti and the Berlin Philharmonic remain a mismatch: the orchestra sounded too plush for Solti's coiled-up account of Shostakovich's Ninth Symphony, while the conductor turned the third movement of Tchaikovsky's Sixth into a breathless Stalinist march, giving the music a driven, demonic quality to the bitter end. Abbado, whose *Pathetique* last summer blazed with integrity, was less successful with the same composer's Fifth Symphony.

Boris, however, has long been one of Abbado's key works. In the hands of the Berlin Philharmonic, Musorgsky's original music may not sound austere, but Abbado makes it seethe with dramatic urgency. The stage director, Herbert Wernicke, used simple ideas writ large to make a bleak statement about the exercise of power. The back wall was a three-tier portrait gallery of Russian rulers, from the historical Boris to the present Kremlin incumbent. The magnificent chorus, 240-strong, began as caged prisoners and ended up a bestial rabble in the Kromy Forest.

Anatoly Kotcherga was an almost charismatic Boris. Tall and thick-set, he held the stage well in his tormented monologues, using his powerful lyric bass and a tearful tremolo to expressive effect. Philip Langridge was the slick, slippery, subversive Shuisky – a masterful performance.

John Tomlinson and François Le Roux: even more assured than they were three years ago — Alastair Muir

Boos for Birtwistle

David Murray braves the hecklers at the revival of 'Gawain' at Covent Garden

There was a bracing outburst of boos at the Royal Opera on Thursday, almost before the revival of Harrison Birtwistle's 1991 *Gawain* concluded.

During its last dying note, a woman's voice cried "Shame about the score!" from a right-hand balcony, and a man in the front mid-stalls stood up to boo as continuously and vehemently as he could manage, echoed at once by loyal voices scattered throughout the house. Keen applauders soon redoubled their efforts, and later – when the composer himself appeared – played their "standing ovation" trump. (How should a dissenter retort: gesticulate, make faces, do a tap-dance?)

For a minute or two we could imagine ourselves to be re-living some famously contentious Diaghilev premiere like Stravinsky's *Sacre du printemps*. But the most telling anecdote from *Le Sacre's* first night is not about old Saint-Saens flouncing out during the preludial solo for very high bassoon (asking sarcastically what instrument that was), nor the choreographer Nijinsky having to shout *One! two! three!* from the wings because his dancers could not hear the orchestra through the swelling hubbub.

Rather, it is Carl Van Vechten's report that when some impassioned chap behind him began to beat upon his head in unison with the music, for some while *neither of them noticed*. The Covent Garden protest was different. It was orchestrated by Frederick Stocken, a defiantly "traditionalist" composer, and promulgated in the London Evening Standard (which, ironically, made Gawain its Opera of the Year).

Many people had thus been forewarned, including everybody at the Royal Opera, and no doubt some were sympathetically inflamed.

The traditionalist's claim is that Birtwistle is a misguided dead-end modernist, unpleasing and unrewarding to hear, but irrationally – and expensively – favoured by the Establishment. The modernism he loathes, however, is not just postwar music after Boulez and Stockhausen, but something more widespread and longer-standing; Tippett and even Britten are among the sinners. *Gawain*, then, merely lies further beyond the pale.

To sympathetic modernist ears, Birtwistle's opera has actually become more user-friendly, for it has been judiciously shortened. The long "Turning of the seasons" ritual in Act 1 – the purification of Gawain before he goes in search of the Green Knight – has been trimmed and rewritten, and its symbolic pageant simplified. It fulfills its dramatic function better and more economically than before, and it still looks and sounds splendid. A matching cut in the Act 2, at Gawain's return to King Arthur's court, does no harm, and helps to bring the opera in at about two-and-a-half hours.

Most of the original performers are back. Again Elgar Howarth makes the brazen panoply of the music resound and shiver, haunted by shrill, sustained woodwinds and the twang of the cimbalom. As Gawain and the Green Knight, François Le Roux and John Tomlinson are even more assured than three years ago, and Marie Angel's Morgan le Fay warbles like an electrical oboe d'amore. A newcomer is Anne Howells, beautifully in command as the sinister, seductive Lady de Hautdesert.

The production and the designs (Di Trevis and Alison Chitty) look pristine. The long, measured stride of Birtwistle's score remains its greatest strength, evolving in great rolling periods. It is not much like anything else (except other late Birtwistle, of course), but its gnomic, timeless character imposes a potent spell; we are drawn in, and held fast.

Aldeburgh goes for Baroque

In the 1970s, any student arriving in Cambridge with a preference for Wagner or Mahler felt decidedly out of fashion. All the advanced music students seemed to be involved in researching medieval troubadours or then little-known composers of the early Baroque.

Meanwhile, not far away in Aldeburgh, Benjamin Britten was giving performances of Purcell and Bach that set new standards. His recordings of Bach's *Brandenburg Concertos* and *St. John Passion* using chamber-sized choruses and orchestras divided popular opinion for being light and fast.

The vanguard of early music has advanced rapidly since then, but Britten would probably be pleased to learn that Aldeburgh is trying not to get left behind. This Easter saw the first Aldeburgh Early Music Festival. Five days of events over the holiday weekend were stretched rather thinly over the whole span of early music as the definition goes these days, ranging from 12th-century pilgrims' songs to Schubert and Mendelssohn.

There have been Easter events at the Maltings for some years but this was the first time that a specifically themed festival had been mounted. The programme was a near sell-out and the management will be analysing the figures to see where the audience has come from and how to capitalise on its first-time success.

I asked Philip Pickett, Artistic Director of Aldeburgh's first festival, whether there was a financial advantage in drawing large audiences to concerts which often involved relatively small numbers of players. He thought not: "It can cost as much to hire a period-instrument orchestra as it does one of the better provincial full-scale symphony orchestras. Some early music specialists are greedy."

As no financial safety-net was set aside in case of failure, the programme was relatively safe, and unlike the June festival, this one does not aim to occupy the intellectual high ground. What Pickett had devised was a broad survey of what is going on in early music at the moment. The only stipulation was that he had to use the Britten-Pears Baroque Orchestra, formed in 1992 and comprising advanced students from the principal music colleges, but that will not have been a hardship. The young players gave a good account of themselves in a pair of Bach Suites and one of the *Brandenburgs* under the Dutch conductor Ton Koopman.

Even among well-known groups, there was quite a range of period performance styles to be observed. Koopman is one of the more flamboyant early music figures and Trio Sonnerie showed the same kind of energy in their programme of 17th-century instrumental duets and trios from Venice. Moving forward to the 19th century, however, Hausmusik gave a pale account of Schubert's Octet, despite the fact that this group includes some of the same players.

Why was Aldeburgh able to score a success with early music at its first attempt? First, it must have helped that the Easter period is clear of music festivals elsewhere. Secondly, the programme was varied and safe. Thirdly, a decade of promotion by the record companies has made many early music performers stars in their own right, able to draw enthusiasts to concerts of music by composers they may not even have heard of.

Artistic director Philip Pickett

Sheila Colvin, Aldeburgh's general director, says she is "99.9 per cent certain" that she will proceed with another early music festival in 1995. If this success encourages sponsors, she will spend the money on building up the daytime events. And if the East coast weather plays its usual tricks, even a hardy Aldeburgh audience would prefer a lecture programme to spending the day dodging hailstones.

Richard Fairman

Saleroom / **Antony Thorncroft**

Sweet music to their ears

In the eyes of the public, but not academics, the major auction houses have an outstanding reputation for scholarship. And yet their experts often wrongly catalogue an item for sale. Often this makes little difference to the price, but occasionally the percipient dealer can pick up for a hundred pounds or so an object worth hundreds of thousands, even millions.

The most embarassing examples in recent years have involved Old Master paintings and Renaissance bronzes, but in a specialist London book auction last year an attentive browser came across a musical manuscript in a job lot which looked as if it might be valuable. For a start there were six staves on the page, which meant that it was English and pre-1720.

The lot cost little, but on May 26 Sotheby's hopes to make at least £300,000 from what its experts Dr Stephen Roe and Simon Maguire consider to be the most interesting musical manuscript to have emerged in decades. The small calf bound volume contains 21 pieces for the harpsichord in the hand of Purcell, the only autograph keyboard music by the late 17th century British composer yet known.

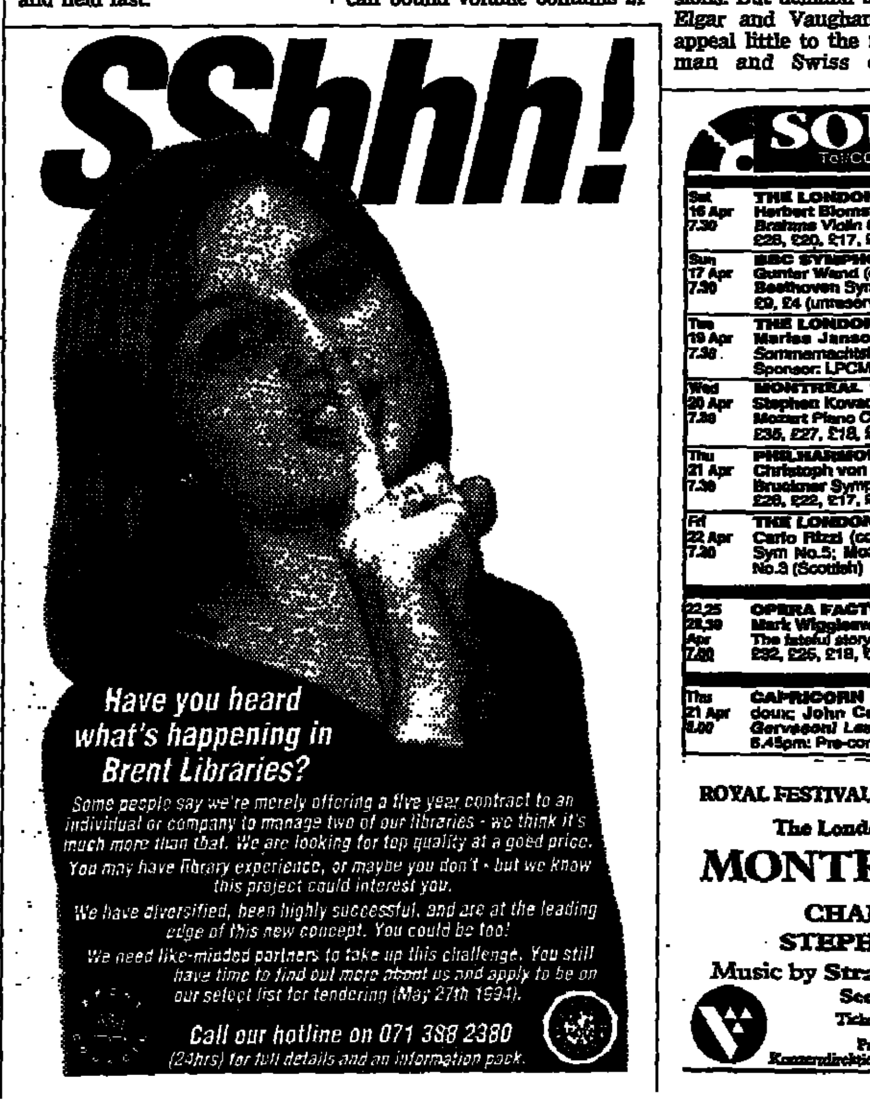
Pre-1700 autograph manuscripts are exceptionally rare. No one knows what music in the hand of Palestrina or Scarlatti or Monteverdi looks like: no certain examples have emerged. Hence the excitement over the Purcell. The auction record is for another discovery, nine autograph symphonies by Mozart, believed lost, which surfaced in 1987 and sold for £2.6m.

Fortunately for Sotheby's, and the vendor, Purcell, along with Byrd, is the only British composer sought by the leading collectors. The fact that music is an international language ensures that there is a global market, and gives some protection from national recessions. But demand is selective. Elgar and Vaughan Williams appeal little to the major German and Swiss collectors, although Britten has some attracion. In the main the most popular composers command the top prices – Mozart followed by Beethoven (£1.1m for a piano sonata). And the major scores attract the keenest interest: the market really arrived when Stravinsky's *Rite of Spring* sold for £330,000 in 1982, at the height of a recession.

Like Old Masters and Impressionists the great musical scores – the Mozart, Wagner and Puccini operas; the Beethoven string quartets; the Tchaikovsky symphonies – are now mainly in museums and secure collections. But some major works have yet to be pinned down. No one knows where Beethoven's manuscript for the Hammerklavier sonata is, or whether it still exists. Wagner's opera *Rienzi* is believed to have disappeared with Hitler when his Berlin bunker was destroyed, but might have survived. Puccini's *La Rondine* is another work which might leak into the saleroom one day.

The inflation in prices has naturally attracted the forgers and fraudsters. Some of the most celebreated recent examples, like the apparent emergence of some unknown Haydn sonatas last year, were just attempts to make presumptious scholars look foolish. As soon as the actual manuscripts, rather than photographs, were studied there could be no mistaking the 20th century paper. But Christie's had to quickly withdraw half a dozen lots from its recent auction, and there are always attempts to add a forged signature to a composer's printed score or photograph.

Sotheby's auction is its largest ever in the field, with over 430 lots, including manuscripts and letters by Haydn, Beethoven, Mahler and Verdi. The recession has depressed demand, but in the main musical manuscripts have borne up well.



ARTS

A model of Renaissance perfection

Venice is hosting a revelatory exhibition which places architecture in the forefront of the fine arts

Venice has always offered some of the most brilliant architectural experiences in Europe. This year it is also possible to experience the whole history of Italian Renaissance architecture in one Venetian palazzo. The exhibition, organised by Fiat's cultural institute at the Palazzo Grassi, is a total triumph. No one with any interest in the architectural and cultural history of Europe can afford to miss it.

The story goes that on a visit with the Pope to see the revelatory restoration of Michelangelo's frescoes in the Sistine Chapel, Giovanni Agnelli, chairman of Fiat, asked if the Vatican, "had any more great surprises..." "Well" came the reply, "we do have the legendary Renaissance model of St Peter's – perhaps the greatest architectural model in the world – but it is in desperate need of repair and no one ever sees it."

From this conversation was born the idea of the exhibition. Fiat has brought together the architectural work of Michelangelo, Raphael, Bramante, Leonardo, Peruzzi, Sangallo and many other masters.

Antonio da Sangallo's huge model for St Peter's here being restored before gracing the central courtyard of the Palazzo Grassi exhibition

Antonio da Sangallo produced his final design for the greatest church in Christendom in the 1530s. It took seven years to build the model, between 1539 and 1546, and the designer tragically died before it was completed. Sangallo's plan for St Peter's was a major adaptation of Bramante's design, but it was never executed and the model we see was succeeded by Michelangelo's dynamic plan. For 450 years Sangallo's St Peter's was stored in the Vatican and inevitably became the victim of slow decay.

Today, the restored model – four and a half metres high – stands at the heart of the exhibition at the Palazzo Grassi. It is possible to walk under its dome and see the detail and finishes of the interior. Because it stands in the great central court of the palazzo it is also possible to have a bird's eye view from above.

Once you have had the extraordinary experience of walking through the model, you are confronted by the second wonder of the show; Michelangelo's sublime model of his dome for St. Peter's. This is brilliantly shown suspended above the main staircase. It would not be fair to say that the contrast makes Sangallo's work look unsettled but the serenity of Michelangelo's design explains why his scheme for the basilica was preferred.

The sub-title of the exhibition is "the representation of architecture" and it is a challenging theme for an exhibition that has to be both scholarly and accessible. Architectural exhibitions are notoriously difficult to stage but I have no doubt that this is the best one I have ever seen. I recall the brilliant Palladio exhibition, that also depended for its success upon architectural models, at the Royal Academy. But no one has ever before put together the whole range of Italian Renaissance models in a way that makes them moving objects in themselves and telling demonstrations of the progress of architectural history.

A great deal of the credit for the success of the exhibition belongs to Mario Bellini who designed it. His task was to tell the story of how Renaissance architecture developed and how it succeeded in replacing the Gothic style. There are 31 surviving 15th and 16th century models, each one providing a high point in the story. They are supported by documents, drawings, paintings and manuscripts which provide the intellectual foundations for the buildings.

The setting is one of low light and grey walls, but there are literally magic moments of high illumination which bring visual drama and excitement to the complex story. There is a particular moment of clarity when you reach the "Ideal City" painting from Urbino which is shown at the end of a sloping perspective, brilliantly lit in a darkened room. Paintings are used throughout to show that people and architecture belong together.

Architecture is often used in paintings as a stage setting, framing crucial political events or scenes of spiritual progress. Stage design and architecture meet here to create the new world of great Renaissance palaces or churches. This exhibition utilises the same disciplines of display and drama to expose the story of Renaissance architectural creativity.

This great exhibition needs to be visited more than once. It brings the third dimension to life making the buildings of the Renaissance both comprehensible and amazing in the scale of their achievement. The catalogue is 700 pages long but do not be daunted – the glory of the architectural models and the soaring triumph of the great Sangallo basilica will always remain in your mind.

Colin Amery

Renaissance – from Brunelleschi to Michelangelo: the Representation of Architecture: Palazzo Grassi, Venice, until November 6 (closed for mid-show conservation July 18-August 18): sponsored by Fiat, with Alitalia.

Architecture has always considered itself first and sovereign of the fine arts. It is not true, of course: each of the arts, in the hands of a master, may enjoy its proper claim to the position of first among equals. But in its proprietorial role, setting the stage by which the other arts may flourish, architecture has always been a special case. But in times when the greatest artists of all kinds engage directly in the practice of architecture and great architects turn to painting and sculpture, such claims become not so much unassailable as beside the point.

The period of this quite extraordinary exhibition, that begins in the 15th century with the theories of Alberti and ends with St Peter's rebuilt and Palladio waiting in the wings, was just such a time. Could more have been made of the rich seed-bed from which so much of the architectural inspiration sprang – the intimate architecture of chancel, altar and reliquary, all the more apposite given the human scale of the models that are the spectacular focus of the exhibition? And being in Venice, could a show so full of Rome and Florence have done with rather more of Venice itself, of Sansovino and Lombardo perhaps, and Carpaccio too? For the few, albeit well-chosen, paintings shown, both portraits and architectural fantasies, are important to the general argument. Perhaps. But to carp is unworthy, for any such deficiency is immediately obviated by a short foray into the city.

The show itself is the thing, and the scale and physical power of it are set from the very start. The entrance court is dominated by the huge Sangallo Model from the Vatican, raised up almost to eye-level to take on, in the imagination at least, its proper monumental and architectural presence.

What we confront at this scale is not architecture as architecture so much as architecture as sculpture. For so often the scope of architecture is so vast as to be beyond natural comprehension. We discover any great building bit by bit, to be pieced together in the mind. Yet here – from the Sangallo model and its peer, the great model of Pavia Cathedral, to the working fragments, the domes, facades and apses – we stand in direct relation to objects resolved and integral to themselves, sharing the same space we occupy, tangible and comprehensible. How oddly modern so much of it seems – Brunelleschi's dome and apses for Florence Cathedral, for example, that hint at the discrete elements and re-arrangements of a Cragg or Paolozzi.

And there are the drawings, that seem to offer direct and poignant contact with the hand and mind of the master, as though we were there at his elbow as the mark was made. Here is a swift, fugitive note of an idea of Bramante for the plan of the Basilica, just the lightest indication of the mutual organisation of space and structure and as abstract as a Mondrian. And here again are Michelangelo's project sketch for the plan of S. Giovanni dei Fiorentini, like a formalised, exploding flower, and his paper cut-out templates for cornices and mouldings, convex and concave in easy and abstracted rhythmical counterpoint. And how we weep for our own age of the "artist's impression" and design only by benefit of the computer model, when the architect hardly dares take up the pencil. Meanwhile St Peter's still stands to reproach them all.

William Packer

Painting of Michelangelo presenting his model of St Peter's to the Pope

A rare Rondine

A successful opera company has to keep hitting the top notes if it wants to stay ahead of its rivals. At its annual press conference Opera North has announced another imaginative programme for the 1994-5 season while busying itself this month with the first major British production of Puccini's neglected operetta, *La rondine.*

The other mature operas by Puccini are mostly familiar favourites. This is the one that flew the nest. The original commission for an operetta never really suited Puccini and it took several changes of plan before he settled on a light opera, sung all the way through, to a plot so like a cross between *The Merry Widow* and *La traviata* that early audiences must have expected they could hum the tunes in advance.

Despite the work's initial success Puccini remained unhappy with it and made a third and final revision unperformed since the war. Opera North – adventurous as always – decided this was the version to do. In essence, the change is that the leading lady no longer rejects the man she loves, but instead is rejected by him. Puccini niftily turns most of the same music to the opposite purpose; it is the psychological reversal that is significant.

Magda, the 'swallow' of the title, is a courtesan, still young at heart and attractive. Although she gets to sing the opera's famous number there is insufficient scope in the role for the character to take flight. Helen Field gave her a *joie de vivre*, a winning naturalness, that helped put flesh on Puccini's bones.

Richard Fairman
enjoys Opera North's new production

Although Opera North is not flush with Italianate voices, Tito Beltran as Ruggero, chubby-cheeked, young as a puppy, has a plausible Italian-sounding tenor in the making. Anna Maria Panzarella and Peter Bronder lack that kind of vocal ring, but were appealing enough as the secondary couple. Under the conductor David Lloyd-Jones the opera swept the emotions along. *La rondine* may be a second-rate score, but it was put together by a first-rate craftsman.

A touch of flair in the production tipped the balance: this was a splendid evening overall. Francesca Zambello has a sure feel for an opera's pacing and atmosphere. Never mind that Bruno Schwengl's designs ranged from handsome, gas-lit, black-velvet Second Empire chic in the first act to white modern cleanliness in the third. Opera North made *La rondine* work.

Among next season's high points should be new productions of Chabrier's *Le Roi malgré lui*, Verdi's *Oberto* with John Tomlinson and Walton's *Troilus and Cressida*, together with *Il trovatore* and *Pelléas et Mélisande*. The company will also give the premiere of H. K. Gruber's *Gloria von Jaxtberg* in a co-production with the Huddersfield Contemporary Music Festival and has announced Alec Roth in a new post as Composer in Association. The momentum in Leeds shows no sign of slackening.

La rondine in repertory at the Grand Theatre, Leeds, until April 29, then on tour.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Walking the Dog. 7.50 Galaxy Goof-Ups. 8.15 Chuckievision. 8.35 The Flintstones. 9.00 Live and Kicking.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. 12.20 Football Focus. A look back at last weekend's FA Cup semi-finals and the midweek European club competitions. 1.00 News. 1.05 Snooker: World Championship. The opening frames from The Crucible, Sheffield. 1.55 Racing from Newbury: The 2.00 Burghclere Conditions Stakes. 2.05 Snooker. 2.25 Racing: The 2.30 Lanes End John Porter Stakes. 2.35 Snooker. 2.55 Racing: The 3.00 Singer and Friedlander Greenham Stakes. 3.05 Squash: Coverage of the men's and women's finals from the British Open Championships at Wembley Conference Centre. 3.25 Racing: The 3.30 Ladbrokes Spring Handicap. 3.35 Motor Sport: The British Touring Car Championships from Thruxton. 3.55 Football Half-Times. 4.00 Snooker. 4.40 Final Score. Times may vary.
5.10 News.
5.20 Regional News and Sport.
5.25 Cartoon.
5.35 Jim'll Fix It. Jimmy Savile makes a boy's dream of performing in Hollywood come true.
6.05 The New Adventures of Superman. Lois and Clark join forces with a technical whizz-kid to stop the spread of a software virus designed by his ruthless boss.
6.55 The Paul Daniels Magic Show. Paul Daniels and Debbie McGee introduce another selection of dazzling illusions. With French magician Bernard Bilis, who performs startling card tricks, and the return of Sielu and his troupe of Samoan fire dancers.
7.45 Only Fools and Horses. Second of a two-part feature-length episode. Del and Rodney's Miami holiday gets off to a disastrous start when their motorhome and spending money are stolen. Comedy, starring David Jason and Nicholas Lyndhurst.
9.20 That's Life!
10.00 News and Sport; Weather.
10.20 Match of the Day. Desmond Lynam introduces highlights from today's top games in the FA Premiership.
11.20 Snooker: World Championship. Introduced from The Crucible by David Vine.
1.30 Weather.
1.35 Close.

BBC2

6.00 Open University. 12.15 pm Filmworks. 12.25 Film: Sullivan's Travels.

1.50 Arthur Negus Enjoys.
2.10 Horizon. Report on the recent decrease in male fertility, looking at possible causes, and assessing what impact this trend will have on future generations.
3.00 In Darkest Hollywood. Black South African actors discuss changes in the country's film industry, including the first anti-apartheid films made by white directors.
4.55 Snooker: World Championship. David Vine introduces coverage from The Crucible, Sheffield.
6.10 Scrutiny.
6.40 News and Sport; Weather.
6.55 The Team They Wouldn't Play. Report on why the international cricket community shunned South Africa for so many years.
7.45 An Evening in with David Attenborough. The former controller returns to BBC2 with programmes to celebrate the channel's 30th birthday.
8.00 Colour Me 2. The introduction of colour TV, hailed as the most exciting development in broadcasting history.
8.10 One Pair of Eyes: Temporary Person Passing Through. A personal essay by the late James Cameron made on his return to his favourite country, India, in 1967. Plus, a compilation of episodes from the 1973 series The Ascent of Man.
8.50 Call My Bluff. Frank Muir and Joanna Lumley lead their teams in a special edition of the panel game, chaired by Robert Robinson.
9.20 Elizabeth R. First episode of the 1971 historical drama, starring Glenda Jackson as the indomitable Elizabeth I. Plus, clips from some of the channel's most acclaimed dramas.
10.55 Show of the Week: Dame Edna Everage. A chance to see one of the housewife megastar's early extravaganzas.
11.20 Face the Music with David Attenborough. The way BBC2 presented classical music in pioneering programmes such as Masterclass, Workshop and In Rehearsal.
12.00 Video Nation.
12.25 Film: Network. A newsreader becomes a cult figure when he begins denouncing the hypocrisy of American society on air. Satire, starring Peter Finch and Faye Dunaway (1976).
2.30 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Movies, Games and Videos. Reviews of two new SNES games, and the video release of The Secret Garden.
1.45 NBA Basketball.
2.55 Film: True as a Turtle. A honeymoon couple get involved with smugglers on a yachting trip. Action comedy, starring John Gregson and June Thorburn (1956).
4.40 ITN News and Results; Weather.
5.00 London Today and Sport; Weather.
5.10 Bullseye. Three more teams compete and Ronnie Sharp raises money for charity in the darts-based general knowledge quiz.
5.40 Baywatch. The surviving members of an elite 1950s lifeguard corps visit the beach to relive former glories. David Hasselhoff stars.
6.30 You Bet! Matthew Kelly is joined by Bob Carolgees, Anna Walker, Melvyn Hayes and Louise Jameson, who bet on charity challenges by a fencer who fancies himself as a card sharp, a mountain biker who hopes to outride a downhill skier on the slopes, and a first aid instructor who claims he can calculate the total number of letters in a newspaper headline in three seconds.
7.30 Barrymore. Everyday exhibitionists demonstrate their talents.
8.30 Film: Three Fugitives. Reformed convict Nick Nolte is forced to go on the run after being kidnapped by bungling bank robber Martin Short. Chase comedy, with James Earl Jones (1989).
10.15 ITN News; Weather.
10.25 London Weather.
10.30 A Pinch of Snuff. Part two of the police drama, starring Gareth Hale and Norman Pace. Det Insp Pascoe is convinced the key to the murder of the cinema club owner lies with the business's suppliers. But then startling facts come to light, and it looks as though Chief Supt Dalziel could be right to doubt his junior.
11.30 Film: Lady Sings the Blues. Diana Ross stars in this biopic of legendary blues singer Billie Holiday. With Richard Pryor and Billy Dee Williams (1972); ITN News Headlines.
2.15 Tour of Duty.; ITN News Headlines.
3.10 The Big E.
4.05 New Music.
5.00 BPM.

CHANNEL4

6.00 4-Tel on View. 6.30 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Sign On: Deaf People of Guinea. 12.30 pm Bombay Chat.

1.00 Film: The Red Badge of Courage. A young farm hand is forced to face up to the horror of combat while serving in the Union Army. American Civil War tale, starring Audie Murphy (1951).
2.15 Racing from Ayr. The 2.25 Harcros Scottish Juvenile Series Championship Final, 2.55 Edinburgh Woollen Mill's Future Championship Novices' Chase, 3.25 Littlewoods Pools Scottish Championship Hurdle, 4.05 Stakis Scottish National (H'cap chase), and the 4.40 Steel Plate and Sections Young Chasers' Qualifier. Introduced by Derek Thompson, with commentary by Graham Goode, John Oaksey, John Francome, John Tyrrel and John McCririck.
5.05 Brookside.: News Summary.
6.30 Right to Reply.
7.00 A Week in Politics. Irreverent look at Westminster and MPs in the news; Weather.
8.00 Kingdoms in Conflict. Film following the migration patterns of cranes across Europe, revealing that a century of industrial despoilation has virtually destroyed their traditional resting and feeding areas. The programme examines how these birds, once regarded as messengers of the gods, are now delivering a dire warning about the irreversible ecological changes affecting Europe.
9.00 NYPD Blue. The detectives hunt for a cross-dressing killer, while a sexual assault victim fears her husband will blame the attack on her provocative clothes. Sipowicz's dentist appointment is interrupted by a suicide threat.
10.00 Don't Forget Your Toothbrush. Madcap showbiz extravaganza, hosted by Chris Evans.
11.05 Film: The Adventures of Sherlock Holmes' Smarter Brother. The Baker Street sleuth asks his sibling to solve a blackmail case in this affectionate spoof of the Conan Doyle stories. Gene Wilder and Marty Feldman star (1975).
12.40 Late Licence.
12.50 Herman's Head.
1.25 Beavis and Butt-Head.
1.50 Saturday Zoo.
2.55 True or False.
3.25 Electric Ballroom.
3.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 Cartoon Time. 1.25 The Munsters Today. 1.50 World Cup Hall of Fame. 2.20 Nigel Mansell's IndyCar '94. 2.50 Katie: Portrait of a Centrefold. (1978) 4.55 Anglia News and Sport 10.25 Anglia Weather. 11.30 Breakheart Pass. (1976)

BORDER: 12.30 COPS. 1.05 Border News. 1.10 Nigel Mansell's IndyCar '94. 1.40 Sail the World. 2.10 Rocksport. 2.30 Movies, Games and Videos. 3.05 The A-Team. 3.55 Superstars of Wrestling. 5.00 Border News and Weather 11.30 Breakheart Pass. (1976)

CENTRAL: 12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 WCW Worldwide Wrestling. 2.50 The Fall Guy. 3.45 MacGyver. 4.55 Central News 5.00 The Central Match – Goals Extra. 11.30 Tour of Duty.

CHANNEL: 12.30 Heidi. 1.05 Channel News. 1.10 Sail the World. 2.40 Nigel Mansell's IndyCar '94. 3.10 The A-Team. 4.10 The Munsters Today. 4.55 Channel News. 5.00 Puffin's Pla(i)ce. 11.30 The Rape of Richard Beck. (TVM 1985)

GRAMPIAN: 12.30 Sport. 1.05 Grampian Headlines 1.10 Telefios. 1.40 Speaking Our Language. 2.10 Zorro. 2.40 Nigel Mansell's IndyCar '94. 3.10 Sail the World. 3.40 WCW Worldwide Wrestling. 4.55 Grampian Headlines 5.00 Grampian News Review. 10.25 Grampian Weather. 11.30 Breakheart Pass. (1976)

GRANADA: 12.30 COPS. 1.05 Granada News 1.10 Nigel Mansell's IndyCar '94. 1.40 Sail the World. 2.10 Rocksport. 2.30 Movies, Games and Videos. 3.05 The A-Team. 3.55 Superstars of Wrestling. 4.55 Granada News 5.00 Daffy Duck. 11.30 Breakheart Pass. (1976)

HTV: 12.30 World Cup Hall of Fame. 1.05 HTV News. 1.10 Sail the World. 1.40 Nigel Mansell's IndyCar '94. 2.10 Johnny Tremain. (1957) 3.45 The A-Team. 5.00 HTV News and Sport 10.25 HTV Weather. 11.30 Breakheart Pass. (1976)

MERIDIAN: 12.30 Heidi. 1.05 Meridian News. 1.10 Sail the World. 2.40 Nigel Mansell's IndyCar '94. 3.10 The A-Team. 4.10 The Munsters Today. 4.55 Meridian News. 11.30 The Rape of Richard Beck. (TVM 1985)

SCOTTISH: 12.30 Extra Time. 1.05 Scotland Today. 1.10 Speaking Our Language. 1.40 Telefios. 2.10 Beg, Borrow or Steal. (TVM 1973) 3.30 Around the World in 15 Minutes with Peter Ustinov. 3.45 The A-Team. 4.55 Scotland Today 11.30 This Man, This Woman.

TYNE TEES: 12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Munsters Today. 1.35 Mr Hobbs Takes a Vacation. (1962) 3.45 Knight Rider. 4.55 Tyne Tees Saturday 11.30 Breakheart Pass. (1976)

WESTCOUNTRY: 12.30 Movies, Games and Videos. 1.05 Westcountry News. 1.10 NBA Basketball. 2.10 Carry On Cruising. (1962) 3.45 The A-Team. 4.55 Westcountry News. 11.30 Breakheart Pass. (1976)

YORKSHIRE: 12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Munsters Today. 1.35 Mr Hobbs Takes a Vacation. (1962) 3.45 Knight Rider. 4.55 Calendar News. 11.30 Breakheart Pass. (1976)

SUNDAY

BBC1

7.30 Penny Crayon. 7.40 Playdays. 8.00 Blood and Honey. 8.15 Breakfast with Frost. 8.50 The London Marathon.

11.50 Heart and Soul.
12.35 The London Marathon. The big names have finished, now the BBC focuses on the thousands of fun runners who simply aim to finish today's gruelling event, often raising money for charity in the process.
1.22 Weather for the Week Ahead.
1.25 News.
1.30 EastEnders.
2.50 Film: North by Northwest. An innocent man is mistaken for a spy and drawn into a world of peril and adventure. Enjoyable Hitchcock thriller, starring Cary Grant and James Mason (1959).
5.00 Eurovision 94: Tips for Le Top.
5.30 Masterchef. Guests Michel Roux Junior and Carol Thatcher judge the culinary offerings as contestants compete for a place in the semi-finals.
6.05 News.
6.25 Songs of Praise. A visit to the isle of Anglesey to meet a minister who keeps a butterfly farm, and the only man who has been twice awarded the RNLI gold medal for gallantry.
7.00 Honey for Tea.
7.30 Pie in the Sky. Crabbe investigates the suspicious death of an Asian businessman, while Steve pursues his own enquiries into a break-in at the restaurant.
8.20 Ain't Misbehavin'. Melissa seeks psychiatric help, and Mrs Whales sets out to find the truth about Clive, whom she suspects of having an affair with Sonia. Peter Davison stars.
8.50 News and Weather.
9.05 Sunday Night Clive. The antipodean anchorman chats to comedienne Victoria Wood and takes a scathing look at the world of TV and news stories.
9.50 Mastermind.
10.20 Everyman. The effect of the mass exodus of Palestinian Christians from Jerusalem and the Occupied Territories to the US, Canada and Australia. Church leaders' appeals to the West to stop issuing visas have failed, and the Christian community in Jerusalem has dwindled to a quarter of what it was 50 years ago.
11.10 Film: McQ. An American policeman resolves to let nothing prevent him catching the gangsters who killed his friends. Crime adventure, starring John Wayne (1974).
1.00 Weather.
1.05 Close.

BBC2

6.15 Open University. 9.10 Fiddley Foodle Bird. 9.20 Simon and the Witch. 9.35 The Movie Game. 10.00 Incredible Games. 10.25 Grange Hill. 10.50 FOT. 11.15 A Likely Lad. 11.45 The O Zone. 12.00 Around Westminster.

12.30 Grand Prix. Highlights from the Tanaka International Raceway in Aida, Japan, scene of the second round of this year's World Championship.
2.00 Snooker: World Championship. David Vine presents coverage from the second day at The Crucible, Sheffield.
5.10 Rugby Special. Durham v Yorkshire in the County Championship Final at Twickenham.
6.10 The Natural World. An insight into how clues left by insects and other wildlife species can help the police catch criminals. Dr Zakaria Erzinclioglu, a forensic scientist, reports on the cases of a murderer convicted on evidence provided by a spider's web, and a reckless driver linked to a tragic death by the microscopic plants found on his clothing.
7.00 The London Marathon. Highlights from today's race through the streets of the capital.
7.40 Baby Monthly. Diary-documentary following five couples and their children. The children reach the age of two months and their parents begin feeling the strains associated with increased crying and sleeping difficulties. Paula seeks advice from a psychologist to help daughter Ashlee before bedtime, and Ginny receives tips on choosing a nanny.
8.20 Grand Prix. Highlights of this morning's action in Japan.
9.05 Diamond Empire. First of a two-part investigation into the hugely profitable diamond trade, dominated by a powerful international cartel. Are the gemstones mined in South Africa as rare as claimed, or has an illusion of scarcity been fostered to maintain a multi-billion-dollar monopoly?
10.05 Film: Screen Two: Sarafina! A South African teenager is inspired by her teacher (Whoopi Goldberg) to fight for freedom – then experiences the harsh reality of apartheid when she is imprisoned and tortured. Adaptation of the powerful stage musical, also starring Leleti Khumalo, Miriam Makeba and John Kani (1992).
11.45 Snooker: World Championship. Highlights from The Crucible, Sheffield.
1.35 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning with Secombe. 11.00 Morning Worship. 12.00 Sunday Morning with Secombe. 12.30 pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden interviews Liberal Democrat president Charles Kennedy.
2.00 Animal Country.
2.30 The Sunday Match. Millwall v Nottingham Forest. Live coverage of the Division One match from the New Den.
5.00 Country Ways. Jim Flegg visits the northern edge of Hampshire's New Forest.
5.30 The London Programme.
6.00 London Tonight; Weather.
6.20 ITN News; Weather.
6.30 Through the Keyhole. Chris Tarrant, Gaby Roslin and Alan Coren try to guess the identities of two celebrity homeowners from the clues on Loyd Grossman's guided tour.
7.00 Surprise! Surprise!
8.00 The Cinder Path. New series. Three-part drama about a young man's struggle to shake off the legacy of a brutal childhood. Based on Catherine Cookson's novel, starring Lloyd Owen and Catherine Zeta Jones.
9.00 The Knock. Diane Ralston gets an important lead to the whereabouts of the smugglers' plane, while Bill Adams' London City and South team uncovers a paedophile ring. Gerry receives a tempting offer when he interviews George Webster about his part in the krugerrand scam, and Andreotti appears more worried about his hair when Ruby moves to Finchley. Malcolm Storry, David Morrissey and Caroline Lee Johnson star.
10.00 ITN News; Weather.
10.10 London Weather.
10.15 The South Bank Show. Dawn French sings the praises of big women, arguing that fat equals fun and proving her point when she is asked to pose for a nude centrespread.
11.15 Sail the World.
11.45 Cue the Music.
12.45 Round the World Yacht Race; ITN News Headlines.
12.50 Music From the Circus.
1.20 Off Beat; ITN News Headlines.
1.50 Film: River of No Return. A farmer and his son are forced to flee down a treacherous river when their homestead is attacked by Indians. Marilyn Monroe and Robert Mitchum star (1954).
3.30 Snooker: The European League.
5.00 Dining in France.

CHANNEL4

6.05 Early Morning. 9.45 The Odyssey. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie. 12.45 pm Surf Potatoes.

1.15 The Sacred Way. A 14-mile journey from Athens to Eleusis, the most holy pilgrimage in ancient Greece.
2.15 Pussies Galore. The work of two women dedicated to helping the Cats Protection League.
2.45 Football Italia.
5.00 The Log Drivers Waltz.
5.10 News Summary; Weather.
5.15 Serious Money. Debate on the media revolution and the technology accompanying it.
6.00 Harry Enfield's Guide to the Opera. Why operas feature so many different voices, and the way various pitches are used in such classics as Rigoletto.
6.30 The Cosby Show.
7.00 Encounters. In 1935, the Queensland government imported enormous cane toads to rid the nation of its destructive greyback beetle, but did not take into account that the insects' ability to fly easily enabled them to evade predators. However, the new surroundings suited the amphibians ideally, and they began to multiply so fast they became pests themselves, eating everything in sight. The programme shows how ordinary people have accepted the toads into their lives, and even adopted them as pets.
8.00 Travelog in France. A visit to the mountain village of Calenzana in Corsica to meet a middle-aged Bristol couple who have gone into partnership with a vineyard owner.
8.30 The Best of Rory Bremner: Who Else?
9.00 In a Time of Violence. The crisis in the flats continues as a new owner increases the rent, and Mpho suggests she and her friends should buy firearms from gunrunner Pedro to hit back at Inkatha – in spite of Bongani's misgivings. South African political drama, starring Grace Mahlaba, Phillmone Mgcina and Vusi Kunene.
10.00 Film: Mean Streets. Robert De Niro and Harvey Keitel star in Martin Scorsese's gritty drama following the activities of four petty hoodlums in New York's Little Italy (1973).
12.05 Film: Mapantsula. Powerful drama focusing on a thief's experiences under the oppressive apartheid system in South Africa. Thomas Mogotlane stars (1988).
1.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 The Littlest Hobo. 12.55 Anglia News. 2.00 Wanted: Dead or Alive. 2.30 Anglia Sport Special. 5.00 Dinosaurs. 5.30 The Village Show. 6.00 Anglia News on Sunday 10.10 Anglia Weather. 11.45 Coach.

BORDER: 12.30 Gardener's Diary. 12.55 Border News. 2.00 Pop Profile. 2.10 Wild World of the East. 2.35 One to One. 3.05 Highway to Heaven. 4.00 Coronation Street. 5.00 Scotsport. 6.15 Border News. 11.15 Prisoner: Cell Block H.

CENTRAL: 12.30 Central Newsweek. 12.55 Central News 2.00 Take 15. 2.15 Challenge of the Seas. 2.45 The Central Match. 5.15 Hit the Town. 5.45 Coach. 6.15 Central News 10.10 Local Weather. 11.15 Murder, She Wrote.

CHANNEL: 12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 The Pier. 2.25 The Listings. 2.30 Sunday Sport Live! 5.15 Survival. 5.45 Animal Country. 6.15 Channel News. 11.15 The Pier. 11.45 Kojak.

GRAMPIAN: 11.00 Sunday Service. 11.45 Eikon. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Challenge of the Seas. 2.30 Country Matters. 3.00 Movies, Games and Videos. 3.30 Small Talk. 3.45 Animal Country. 4.15 Famous for Fifteen. 4.30 World Cup Hall of Fame. 5.00 Scotsport. 6.15 Grampian Headlines 10.10 Grampian Weather. 11.15 Prisoner: Cell Block H.

GRANADA: 12.25 God's Messengers. 12.55 Granada News 2.00 The Granada Match. 2.45 Carry On Cruising (1962) 4.20 Father Dowling Investigates. 5.15 Coronation Street. 6.15 Granada News 11.15 Prisoner: Cell Block H.

HTV: 12.25 Meredith on Sunday. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 World Cup Hall of Fame. 2.45 The West Match. 5.15 An Invitation to Remember. 5.45 Journeyman. 6.15 HTV News. 10.10 HTV Weather. 11.15 Prisoner: Cell Block H.

MERIDIAN: 12.30 Seven Days. 12.50 Meridian News. 2.00 The Pier. 2.25 The Listings. 2.30 Sunday Sport Live! 5.15 Survival. 5.45 Animal Country. 6.15 Meridian News. 11.15 The Pier. 11.45 Kojak.

SCOTTISH: 11.00 Sunday Service. 11.45 Eikon. 12.30 Skoosh. 12.55 Scotland Today. 2.00 The Cheap Detective. (1978) 3.40 Stuntmasters. 4.20 The Motor Show. 5.00 Scotsport. 6.15 Scotland Today 10.10 Scottish Weather. 10.15 Don't Look Down. 10.55 The South Bank Show. 11.55 The Equalizer.

TYNE TEES: 12.25 Tyne Tees Newsweek. 12.55 Tyne Tees News. 2.00 Yesterday's Heroes. 2.30 The Tyne Tees Match – Live. 5.00 Father Dowling Investigates. 5.50 Tyne Tees Weekend. 11.15 Urban Angel.

WESTCOUNTRY: 12.30 Westcountry Update. 12.55 Westcountry News. 2.00 Westcountry Camera. 2.10 Sail the World. 2.40 The Westcountry Match. 5.15 Fat Man Goes West. 5.45 Wild West Country. 6.15 Westcountry News. 11.15 Prisoner: Cell Block H.

YORKSHIRE: 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 No Deposit, No Return. (1976) 5.00 Father Dowling Investigates. 5.50 Calendar News. 10.10 Weather. 11.15 Urban Angel.

RADIO

BBC RADIO 2
6.00 Sujata Barot. 6.05 Brian Matthew. 10.00 Judi Spiers. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 The Golden Days of Radio. 3.00 Ronnie Hilton. 4.00 The Laughing Policeman. 5.00 Nick Barraclough. 6.00 Barbara Dickson. 7.00 Cinema Two. 7.30 The Great Musicals. 9.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Adrian Finighan. 4.00 Sujata Barot.

BBC RADIO 3
6.30 Open University. 6.55 Weather. 7.00 Record Review. 9.00 Building a Library. Haydn's Piano Sonata in E flat by Misha Donat. 10.15 Record Release. Ludford, Cipriano de Rore, Lassus, Wagner. 12.00 Spirit of the Age. 1.00 Table Talk. 1.15 Variations on a Theme. 3.00 Vaughan Williams and America. 5.00 Jazz Record Requests. 5.45 Music Matters. A review of Judith Weir's new opera Blond Eckbert. 6.30 Live from the Met. Tosca, Puccini's story set during the Napoleonic Wars. 9.40 The Great Snooker Final. Memorable games and players. 10.00 Stan Tracey's Golden Jubilee. Concert celebrating the pianist and composer's career. 12.30 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 The News Quiz.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444. Phone-in response programme.
2.30 (FM) Playhouse: The Salamander Chest. By Grant Eustace.
2.30 (LW) Tales from the Brigadier.
2.45 (LW) Test Match Special.
4.00 (FM) What If.
4.30 (FM) Science Now.
5.00 (FM) Crimes of Our Times.
5.40 (FM) In Celebration. The joys of washday.
6.00 (FM) News and Sports.
6.25 (FM) Week Ending.
6.50 (FM) Postcard from Gotham.
7.20 (FM) Kaleidoscope Feature.
7.50 (FM) Saturday Night Theatre: The Bridesmaid. By Ruth Rendell.
9.20 (FM) Music in Mind.
9.50 (FM) Ten to Ten.
10.00 (FM) News.
10.15 Trivia Test Match.
10.45 An Englishman in the Midi. By John P Harris.
11.00 Comparing Notes. With authors Humphrey Carpenter and Carole Rosen.
11.30 Cordoba. Thriller, by Nigel Baldwin.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.05 Dirty Tackle.
6.30 The Breakfast Programme.
9.00 Weekend.
11.05 Special Assignment.
11.35 Crime Desk.
12.00 Midday Edition.
12.15 Sportscall.
1.04 Sport on Five.
7.04 Sports Report.
7.35 Saturday Edition.
9.35 Out This Week.
10.05 The Treatment.
11.00 Night Extra.
12.00 After Hours.
2.00 Up All Night.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at the following times GMT:
6.00 Morgenmagazin. 6.30 Europe Today. 7.00 World and British News. 7.15 The World Today. 7.30 Meridian. 8.00 World News. 8.15 Waveguide. 8.25 Book Choice. 8.30 People and Politics. 9.00 World News. 9.09 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News and Business Report. 10.15 World Brief. 10.30 Development 94. 10.45 Round-up. 11.00 Printer's Devil. 11.15 Letter from America. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News. 1.09 Words of Faith. 1.15 Multitrack 3. 1.45 Sports. 2.00 Newshour. 3.00 News; Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 World and British News. 5.15 Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell. 7.00 News and features in German. 8.00 News; Tommy: The First 25 Years. 8.45 From the Weeklies. 9.00 World News. 9.09 Words of Faith. 9.15 Development 94. 9.30 Meridian. 10.00 Newshour. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 Jazz for the Asking. 11.45 Sports. 12.00 Newsdesk. 12.30 Sounds and Sweet Airs. 1.00 World and British News. 1.15 Good Books: South African fiction. 1.30 The John Dunn Show. 2.00 News; Play of the Week: Macbeth part one. 3.00 Newsdesk. 3.30 Days of Good Hope. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

BBC RADIO 2
7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Young Musician Finalists. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3
6.30 Open University: The Art Market and the Avant-garde. 6.55 Weather. 7.00 Sacred and Profane. 9.00 Brian Kay's Sunday Morning. 12.15 Music Matters. 1.00 The BBC Orchestras. 2.50 Schubert Songs of Farewell and Travel. 4.25 Berlin Philharmonic Orchestra. Prokofiev and Tchaikovsky. 5.45 Making Waves. With Jeremy Sams, translator of Cocteau's Les Parents Terribles. 6.30 Guildhall String Ensemble. Mozart, Prokofiev, Shostakovich arr Barshai. 7.00 Sunday Play: John Dollar. By Marianne Wiggins. 9.20 Music in Our Time. Concert by the Kronos Quartet. 10.50 Choir Works. Reger and Brahms. 12.30 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Patricia Scotland, QC.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers. Omnibus.
11.15 Mediumwave.
11.45 Sentimental Journey.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 (FM) Classic Serial: The Mayor of Casterbridge.
2.30 (LW) Tales from the Brigadier.
2.45 (LW) Test Match Special.
3.30 (FM) Pick of the Week.
4.15 (FM) Mendip Ways. Somerset customs.
5.00 (FM) Visiting Angel.
5.30 (FM) Poetry Please!
6.00 (FM) Six O'Clock News.
6.15 (FM) Letter From.
6.30 (FM) The Adventures of Tintin. By Herge.
7.00 (FM) In Business.
7.30 (FM) Fourth Column Revisited.
8.00 (FM) What If?
8.30 (FM) Reading Aloud: Political Gossip.
9.00 (FM) The Natural History Programme.
9.30 (FM) Costing the Earth. Manufacturing concerns.
10.00 (FM) News.
10.15 (FM) Concerto.
10.15 (LW) Open University.
11.15 (FM) In Committee.
11.45 (FM) Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (LW) As BBC World Service.
12.43 (FM) Close.

BBC RADIO 5
6.05 Hot Pursuits.
6.30 The Breakfast Programme.
9.00 Alistair Stewart's Sunday.
12.00 Midday Edition.
12.15 The Big Byte.
1.00 You Cannot Be Serious.
2.04 Sunday Sport.
6.05 Fantasy Football League.
6.30 Carol Smillie's Blue Skies.
7.00 News Extra.
7.35 Black to the Future.
8.00 The Ultimate Preview.
10.05 Special Assignment.
10.35 Crime Desk.
11.00 Night Extra.
12.00 Nightcall.
2.00 Up All Night.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 News and features in German. 6.30 Composer Of The Month. 7.00 World and British News. 7.15 Letter from America. 7.30 Jazz For The Asking. 8.00 World News. 8.15 Mastersingers. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 9.09 Words of Faith. 9.15 Ray on Record. 10.00 World News and Business Review. 10.15 Short Story. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News; Play of the Week: Macbeth part one. 2.00 Newshour. 3.00 News; Developing Health. 3.30 Anything Goes. 4.00 World News. 4.15 BBC English. 4.30 News and features in German. 5.00 World and British News. 5.15 BBC English. 6.00 World News and Business Review. 6.15 Printer's Devil. 6.30 News and features in German. 8.00 Sounds and Sweet Airs. 8.30 Europe Today. 9.00 World News. 9.09 Words of Faith. 9.15 Sounds of Gospel. 9.30 Jazz Score. 10.00 Newshour. 11.00 World News and Business Review. 11.15 Short Story. 11.30 Letter from America. 11.45 Sports. 12.00 Newsdesk. 12.30 Developing Health. 1.00 World and British News. 1.15 Rock 'n' Rice. 1.30 In Praise of God. 2.00 News; Tommy – The First 25 Years. 2.45 Mastersingers. 3.00 Newsdesk. 3.30 Composer of the Month: Johannes Brahms. 4.00 Newsdesk. 4.30 BBC English. 4.45 Fruhmagazin.

CHESS

Vishy Anand's reputation as the fastest pawn in the West, let alone the East, was maintained this week when the 24-year-old Indian won the $100,000 Melody Amber tournament in Monaco. Anand scored 17/22, Kramnik 16, Ivanchuk 14½, Kamsky 14, Judit Polgar 11, Karpov 10½, Ljubojevic 10, with Britain's Nunn eighth among 12 grandmasters.

When the young Anand won five-hour games spending less than half an hour on his clock, critics said that he was too superficial for top class chess; but now Anand is world no 3, and still moves quickly. He is following an eminent tradition, for Capablanca and Fischer also made their early names at blitz chess (L Ljubojevic, White; V Anand, Black; Monaco 1994).

1 e4 c5 2 Nf3 d6 3 g3 Nf6 4 d3 g6 5 Bg2 Bg7 6 0-0 0-0 7 Re1 Nc6 8 c3 Bg4 9 h3 Bxf3 10 Bxf3 Nd7 Anand's strategy is to control central black squares with knights, then advance Q-side pawns supported by queen and rook.

11 Bg2 Rb8 12 Be3 Qc7 13 Na3 b5 14 Nc2 b4 15 d4 a5 16 Qd2 a4 17 Bf1 bxc3 Better than 17 . . . a3? 18 bxa3 bxc3 19 Qxc3 cxd4 20 Bxd4.

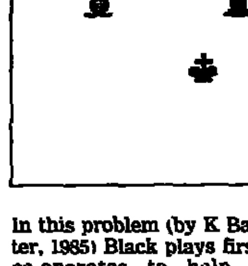
18 bxc3 Qa5 19 Qd3 Rb2 20 Na3 cxd4 21 cxd4 Nde5! A tactic to ensure a favourable endgame. Instead Rxa2? (planning 22 Rxa2 Qxe1) fails to 22 Nc4 Qb4 23 Rab1.

22 dxe5 Nxe5 23 Nc4 Nxd3 24 Nxa5 Nxe1 25 Rxe1 Rxa2 26 Nc6 Re8 27 Bb5? White should try 27 Bd4 to guard the a1 square, though Black probably wins anyway. A knight always has difficulty in stopping a passed a or h pawn.

a3! 28 Nb4 Rb2 29 Bxe8 Rxb4 30 Bg5 a2 31 Resigns. Black emerges the exchange up.

■ The Intel Grand Prix, a rapid chess knock-out of the world's best players, starts next week. The first venue is the Kremlin, where Kasparov, Short and Adams are among those in contention for a $160,000 prize fund.

No 1017



In this problem (by K Bacmeister, 1985) Black plays first, and co-operates to help White checkmate on his fifth move. There one line of play, but it tests your chess imagination.

Leonard Barden
Solution Page XXIV

BRIDGE

Today, we have a quiz. The first correct entry drawn will receive a Pro Bridge 510 Bridge computer. The next 20 correct entries drawn will receive a copy of my Bridge Play Tecnnique presented by Robert Hale, the publisher. In each question you are South, playing rubber bridge, at love all.

1. East deals and bids three clubs. West raises to five clubs. North doubles.
You hold: ♠ 743 ♥ Q1094 ♦ K853 ♣ A2.
What do you bid?
A. Pass.
B. 5♦.
C. 5♥.
D. 5NT.

2. North deals and bids 1♠. East doubles.
You hold: ♠ KJ98 ♥ 52 ♦ AQ52 ♣ J96.
What do you bid?
A. Redouble.
B. 2 NT.
C. 3♦.
D. 3♠.

3. North deals and bids 1♣. You reply 1♥. North re-bids 1♠.
You hold: ♠ A5 ♥ J965 ♦ 864 ♣ KQ109.
What do you bid?
A. 2♦.
B. 2NT.
C. 3♣.
D. 4♣.

4. West deals and bids 1♣. North and East pass.
You hold: ♠ J ♥ AQ6 ♦ AK10852 ♣ K103.
What do you bid?
A. 1♦.
B. 2♣.
C. 2♦.
D. 2NT.
E. 3 ♦.
F. Double.

Send your answers by April 26 to FT Bridge Quiz, c/o Ryden Grange, Bisley, Surrey GU21 2TH.

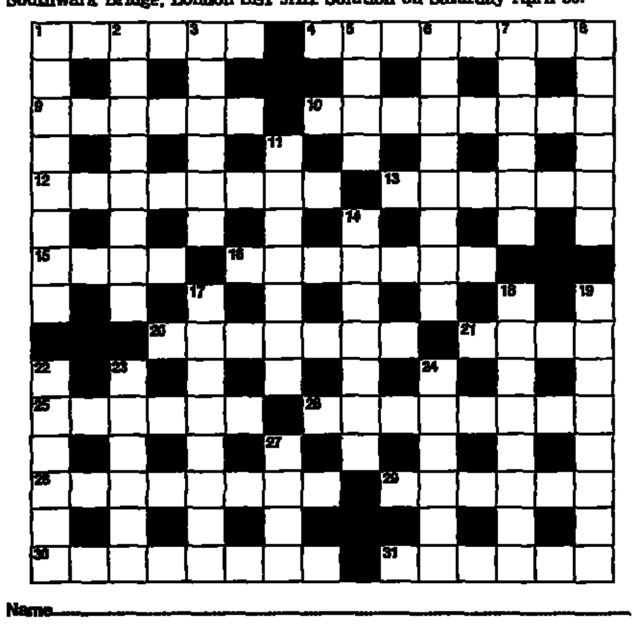
■ *The prize has been presented by the Bridge Computer Specialists, 0258-840285.*

E P C Cotter

CROSSWORD

No. 8,430 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday April 27, marked Crossword 8,430 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 30.



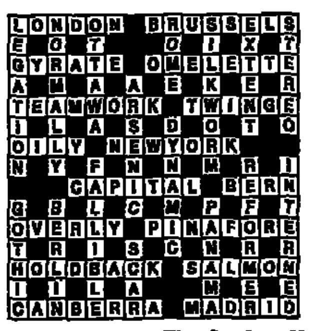
Name..........

Address..........

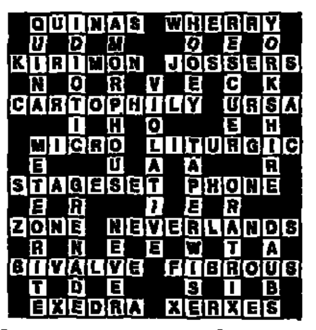
ACROSS
1 Negligent about girl (6)
4 Left wing revolutionary and rightwing paramilitary on board (8)
9 Extract by boiling for two months (6)
10 Pain applied to the sophisticated (5,3)
12 State of one left where floor covering exists (8)
13 Poppy predator, misleading with words (6)
15, 16 Sound of call to order by top brass? (4,7)
20, 21 The magic water of benevolence, originally (7,4)
25 Thick – a bit less would be right (6)
26 In wood heavyweight is seen to stagger (8)
28 The crown formed the beginning of close harmony (8)
29 Houseman or home bird? (6)
30 In the church, being reformed, I apply to be churchwarden, maybe (4,4)
31 Deserter among soldiers won't be charged (6)

DOWN
1 Third leg provides danger signal (3,5)
2 Gum (Alice makes it) or glue (blended with mica) (8)
3, 5 Silver in the marathon wins holiday cottage (6,4)
6 Rank of cloth worker, maybe (8)
7 Unsatisfactory employment exists to think about (6)
8 Ultimate outlet for plant (6)
11 Man of letters to skip up to solver's (7)
14 Anxiety about doctor is included in (7)
17 Conceited manner on journey from landing-place (3-5)
18 Sorry for writer: it's about 10 (8)
19 Every position for the crew to be on (as on deck)? (3,5)
22 Funny about society being universal (6)
23 Piece of poetry from South African country, incomplete (6)
24, 27 Monopoly retail outlet? (6,4)

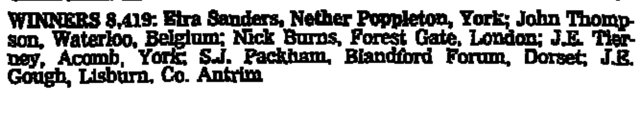
Solution 8,429



Solution 8,419



WINNERS 8,419: Elra Sanders, Nether Poppleton, York; John Thompson, Waterloo, Belgium; Nick Burns, Forest Gate, London; J.E. Tierney, Acomb, York; S.J. Packham, Blandford Forum, Dorset; J.E. Gough, Lisburn, Co. Antrim



Form a queue for your ID card

Max Wilkinson says a National Gold Card will quickly break down any libertarian scruples

The idea came to me in Barclays bank. It will solve the government's problems with unemployed scroungers, cut waste in the welfare state and make the police happy. It will make the British more like Germans, which is long overdue; and it will be popular.

Requiring, for perfectly legal reasons, a large amount of cash in a hurry, I presented my Robert Fleming gold card to the lady in Barclays and was rebuffed. She rightly demanded proof that I was not a crook; but when I offered an impressive card issued by the Association of Chief Police Officers, complete with photograph and handsome logo showing that my owner is the *Financial Times*, she still refused to hand over the readies; wanted proof of signature which I had not got; subjected me to a sceptical gaze and was frigidly unimpressed by my representations that the FT was only a block away, that the picture was excellent, endorsed by Scotland Yard... and that, honestly, did I look like a thief... customers behind started to cough nervously.

Suddenly, I understood the rage and frustration which must overtake a suppliant in the dole queue whose story is disbelieved – and I, at least, was asking for my *own* money. Yet I see the difficulty of the the person behind the counter. Scroungers look very much like anyone else applying for state benefits. Criminals with forged gold cards wear sharp suits and live in Bayswater. And I had a card from a bank she had never heard of, an odd-looking police ID and was demanding £2,000 in ready cash.

So why not transfer the picture (and its police endorsement) to the Visa card, record finger-prints, password, mother's birthday and name of favourite singer on the magnetic stripe? Then next time, she will say: "Good morning, Mr Wilkinson. You remembered flowers for the 14th? How can I help you? £2,000?... The new Bartoli CD is fantastic, by the way".

Libertarians would doubtless claim that such new-style credit cards were police identity cards in disguise: what Hitler would have imposed and similar rubbish. The fact is that more than half the adult population in Britain uses this kind of ID card without anxiety. However, theft and counterfeit by well-organised criminals is increasingly threatening their integrity. (Worldwide credit card fraud is running at about $1bn a year.) So the addition of photographs and other security information, now being considered by some banks, will soon become universal.

What has this to do with the unemployed or with the police? The point is that law-abiding middle class people like the status conferred by plastic cards with or without photographs for getting into work, into bank accounts or getting discounts in restaurants.

The government would like the other half to be similarly identified to help reduce benefits frauds and other crimes. But it dares not impose the hated ID card in the land of the free. Its image is still smudged with the sufferings of war, fascism and Teutonic orderliness.

The government's error is to regard a national ID card as an instrument *of compulsion*. It should be be entirely voluntary and offer lots of goodies, just like a bank gold card, but available to all. Banks would surely accept it as additional proof of identity, so it would be useful to the middle classes. The government would require the banks to accept the card in their cash machines, which would be linked electronically to a citizen account which everyone would be entitled to have at the Bank of England.

Expensive? Well, there would be savings because benefits claimants could collect their cash through a hole in the wall like everybody else, although of course initial claims would be processed manually. Those who insisted on a Briton's traditional right to queue for his cash would find the queues long.

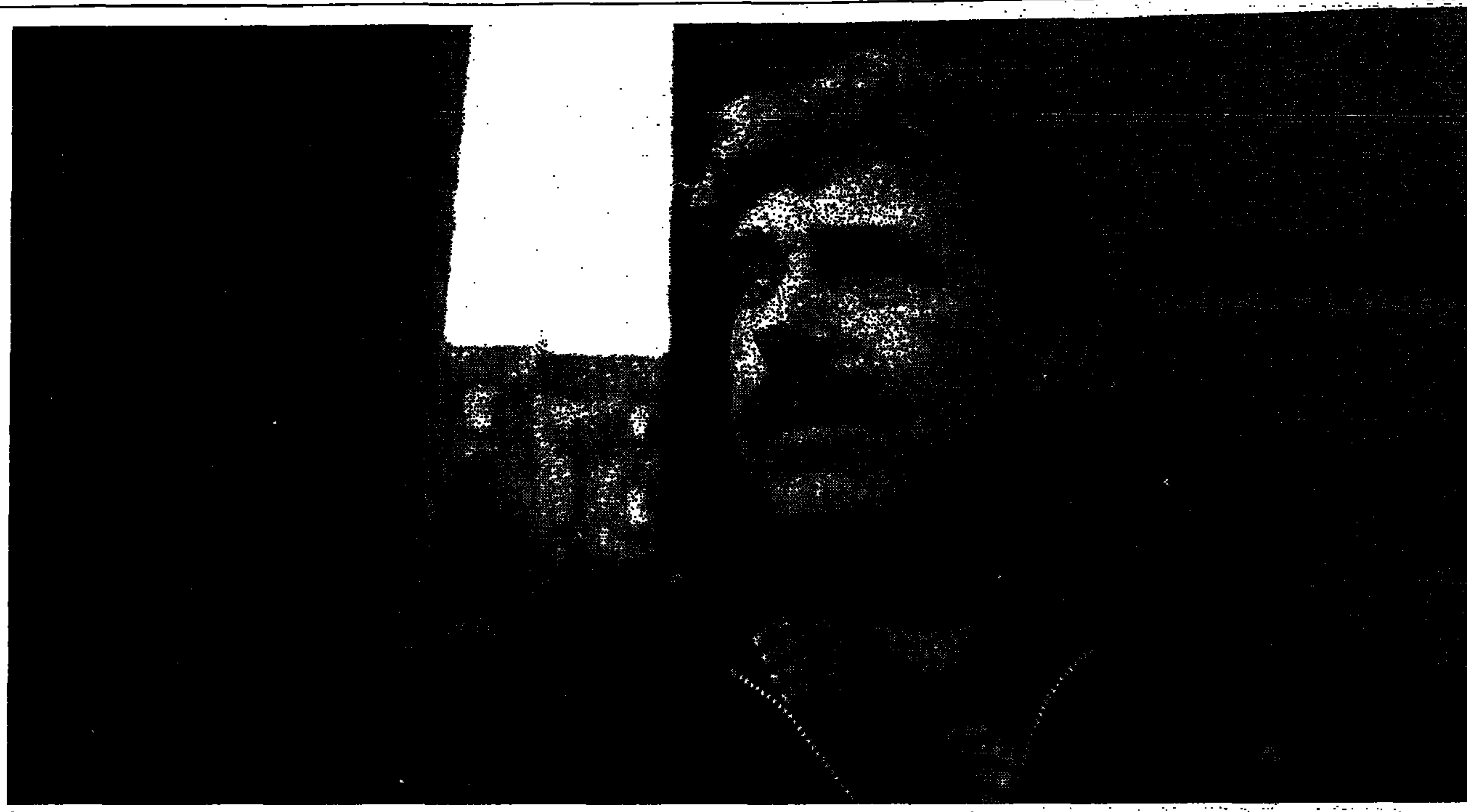
But how would this card become popular? By a tax-free national performance bonus to be paid into every account when public borrowing dipped below the Chancellor's target, perhaps? National Gold Card accounts could offer highly advantageous Savings products and maybe a £1m lottery prize. Discounts on police fines? It is just a question of marketing.

When almost everyone had a National Gold Card we would soon find out who the fraudsters are and the woman at Barclays would discover at last that I am, really, honestly, only a journalist.

Private View/**Christian Tyler**

Jimmy Reid builds his own soapbox

A former apostle of international revolution explains how his beliefs fit with his Scottish nationalism



Colin Beere

Once he *was* news. Now he is a purveyor of news. Jimmy Reid, the former shipyard shop steward, Scottish folk hero and communist pin-up boy, is turning media proprietor. He launches a weekly current affairs magazine at the end of the month.

No doubt former comrades of the loquacious Reid will see his *Seven Days Scotland* as a grandiose gesture typical of the man whose transit from strike leader to chat show performer, TV presenter and newspaper columnist they have so envied and derided.

Nor is history on his side. It is a media pundits' maxim that there is no market in Britain for illustrated weekly news magazines. Look, they say, at Sir James Goldsmith's *Now!* magazine or Brian Wilson's *Seven Days*.

But Jimmy Reid is no fool, even if he talks a hell of a lot. He can turn out a sharp polemic on religious bigotry, soccer hooliganism or Northern Ireland as neatly as any tabloid leader writer, and a piece of analysis as trenchant as any political commentator's.

His spoken rhetoric may be ear-numbing and its fervour may seem contrived. But that does not mean Reid is not sincere. The fact that he left school at 14 with not much more than a big personality and a lot of charm did not stop him devouring the heavy-weight political and literary classics in his early teens.

Reid's home in south Glasgow, not far from the Gorbals slum where he was born, is eloquent. It is a tenement in a handsomely restored building whose high-ceilinged rooms have been decorated in smart suburban good taste. In London, a flat like this would cost a fortune.

The big study is arrayed with books – dictionaries, poetry, politics, music – like that of a comfortably off Oxbridge don. On the walls hang the mementoes of his activist past, including a famous photograph from the 1971 work-in at Upper Clyde Shipbuilders which forced the Heath government into a policy U-turn and made Reid a national celebrity.

Reid has aged comfortably. Yet even in the quiet of his own study, with a bright red pullover stretched over his middle-age paunch and a bottle of whisky at his elbow, he has the hectoring manner of the 19-year-old apprentices' strike leader. Listening to Reid is rather like listening to an opera singer practising in his bath: the voice lurches dramatically from rumbling *piano* to *fortissimo* squeak, from confiding recitative to passionate aria.

When I asked him why Scotland needed a news magazine, Reid launched into a fiery recital of past English repression: the ban on the kilt, the quashing of clan names (Reid, meaning "red," was the name adopted by the Robertson clan) and the unjust terms of the Act of Union.

"Now don't misunderstand me," he said. "When the Scots keep shouting, it is because [he growled menacingly] "they are fearful. That's why we shout about our Scottishness."

But the real reason was "a crisis of politics". By this he means that the number of Conservative MPs elected in Scotland has fallen from 22 in 1979 to only 11 out of the 72 seats. Scots thus find themselves "virtually disenfranchised. They are having imposed on them a political culture which is profoundly alien to them. Even the Tories can't stand it up here, apart from a few hacks."

Reid's magazine will not be political as such. It will cover leisure, arts and sport and although its editorial line will be left of centre and strongly devolutionist, its pages will be open to all points of view.

"There are right-wing views which canna be just bloody dismissed. They're legitimate. But what I want to see – what we don't get in Scotland – is a debate."

Reid has raised £100,000 start-up capital from private investors but he and his co-editor, Bob Houston, a fellow Glaswegian with years of newspaper production experience, retain control. The spirit of the venture may be Glaswegian but the contents are designed to appeal also to genteel Edinburgh.

When I said Scotland was a geographical entity certainly, a state of mind perhaps, but probably no longer a nation, Reid was outraged.

"By any definition ever penned, Scotland is a nation: it has a settled territory, a jurisprudence, an economy. Not only that, it is one of the oldest nations in this world. Do you think when the Romans drew Hadrian's Wall, that was an accident?" He quoted Tacitus at me: "They create a desolation and call it peace", a reference to an early Scottish warlord who was able to field 30,000 men against Agricola.

He talked of the de-industrialisation of Scotland under a neo-Conservative government. "It's got a genocidal dimension. It wasn't the bullets of the settlers that killed the Red Indians, it was when they destroyed their economy. Whenever I see young people leaving Scotland, I see an almost genocidal process."

But what makes you think your potential readers see it like that?

"If I was a neo-fascist entrepreneur starting a magazine, its political line would still have to be centre-left. The only thing is, he wouldn't mean it and I mean it absolutely."

We argued about the distinction between race and nation and Reid said: "If you can't love Scotland you can't love the world. If you're a socialist and you can't love your family don't talk to me about your love of humanity."

He was moving up through the gears now. "I am an internationalist *and* a nationalist. I believe in good loving relationships between those who have a sense of their own national identity. And I'll go further: if you love what is good in your own people, you will love and admire similar sentiments in the breasts of other people."

> *'Every pimp will justify his activities in terms of market forces'*

When he is talking politics these days, Reid seems to prefer fluency to focus. It is as if details bore him; what matters is the grand sweep. But he certainly has the gift of the gab: "Every pimp will argue a case that justifies his activities in terms of market forces," he said at one point, "every brothel-keeper, every drug trafficker, every arms dealer. Tell me how you handle the destruction of the rainforests on the basis of a programme that's funded from the market?"

Both before and after he left the Communist party – the party which had groomed him for its highest post – to rejoin Labour in 1976, Reid was regarded as a natural for the House of Commons. He stood for Parliament under both banners but never pursued the safe Labour seat that could have been his. Was this a waste of his natural talents?

"All I can say is that I've always been interested in politics, but in the ideas – where are we going as a society, and so on. I always had an abiding suspicion of career politicians. To me politics was all about stopping children getting murdered by their social circumstances." (Three of Reid's six brothers and sisters died in infancy)

"After I left the yards everyone thought I had it all cut and dried. I've never in my life structured any career for myself. Middle class people say [he put on a mocking whine]: : 'What shall I *do*? Shall I go into *medicine* or the family *business*? What about *politics*?'"

Do you feel you didn't make the best of yourself?

"There are people who think that way," Reid replied cagily. "I'm well aware there were expectations of a role that I should have played. And to that extent I'm sorry if these expectations could not be realised."

But were they your expectations too?

"Well this is a thing I'm trying to answer – indeed for myself. There was a genuine factor in there, in that I didn't think in these terms."

Was it that you found the self-promotion demeaning – that you would have liked the result but were not prepared to go through the process?

"No, I think that if I went through the process I couldn't be sure that I would emerge the other end the person I was when I went in. All I'm saying is that at an important stage in my life I developed a disdain for the wheeling and dealing of career politicians."

Perhaps you have a distaste for joining up, I said, for getting in among it. You prefer to be on the outside of any institution.

"I think there is an element of me which believes that all establishments eventually become intrinsically reactionary. That does not mean you don't become involved. I've always worked with people. My compulsion is to communicate if I see something beautiful." He mentioned music, and racehorses. "I'm not a creative person, I don't think."

We talked about his notorious defection from the CP. Reid has always said he would have left earlier if his shipyard fame had not intervened.

"Suddenly I become the best-known communist in Britain. People are joining the Communist party because of me. Right? What a bloody problem I had! Now that's the truth.

"I had it made, I could have gone through life dead cosy and been the darling boy of the left and I'm saying 'This is No True.' I had to pack it in. People that knew me understood. It was the most painful thing in my life because there's a bloody ego involved here. I had to stand up and say publicly: I'm wrong.

"Life's too short to pussyfoot about with the truth. I'm not talking about wee truths – I'll bloody lie to save any bugger's unnecessary pain. I mean, *I've* compromised. I think life is a compromise with death. How can you go through life without compromising? There's nothing undignified about compromising as long as you don't abandon your strategic objective.

"But I'm not apologising for my life. Because I've done a lot of good, even thus far."

Perhaps Jimmy Reid has found his vocation after all.

Misfit, psychopath, film critic

Michael Thompson-Noel

I am reluctant to generalise. But arts critics – especially film and television critics – must be one of the most wretched groups of people on the face of the earth. They are troglodytes, misfits, odd-balls. Also highly dangerous. Many of them come from broken homes, you know, and are astonished to have found any sort of employment, ill-paid though it may be.

Film and television critics come in two basic shapes: tall and half-starved, or mean, small and round. In my dealings with them I have become most wary of the mean, small and round ones. The appearance of both sorts is extraordinarily tiresome: cravats are much favoured, as are turtle-necked sweaters, beige-coloured jackets and suede shoes stained by soup drops.

This is neither the time nor place to describe their various gloomy orientations. But it would not be untimely to register my disgust at the odiousness of their opinions, which can be amazingly uncritical.

In common with all sane people, I am relieved that the British government has agreed to yield on the matter of violent videos, and that it will introduce tougher laws to help prevent young children being exposed to pornographic and violent films.

Retailers or distributors who sell or hire unclassified videos will be liable to two years' imprisonment, with the prospect of a six-month sentence for those who supply 18-certificate films to under-aged children. The director of the British Board of Film Classification, James Ferman, said this week: "From now on, we are going to have to cut more and classify higher... some [films] that would have had an 18 certificate may not be given a video licence at all."

This is long overdue. Only a pig on a pink cloud, you might think, could still peddle the knee-jerk response that *all* censorship is vile and misguided; or that "artistic freedom" is so precious and indivisible that the makers of wildly exploitative films are to be defended with the same arguments and fervour that would be extended to the makers of *Schindler's List* or *Hamlet*. This is poppycock, and highly fraudulent.

HAWKS & HANDSAWS

Yet all sorts of rubbish has been written, even in recent days, defending film-makers' absolute freedom to wallow where they will. Film and television critics are hugely culpable – the very people who have shown themselves so ill-equipped to defend the rest of us, especially parents, from the garbage, particularly graphic violence and sadism, served up by film-makers and distributors grubbing for profits.

Critics write for each other. They see too many films. They are concussed, confused and irredeemably coarsened.

Belatedly, I have been catching up with Michael Medved's book, *Hollywood vs. America*, which is subtitled *Popular Culture and the War on Traditional Values*. You do not have to agree with everything Medved says in order to endorse his cut and thrust.

In the preface to the British paperback edition of his book he says, quite accurately: "Poverty, racism and marital breakdown are all enormously complex problems that will require many years of effort for any discernible progress to be made; reducing the levels of violence in the media, on the other hand, should be quite easy."

Himself a critic and screen writer, Medved broke ranks and rounded on his colleagues for their sympathetic treatment of Peter Greenaway's film, *The Cook, The Thief, His Wife and Her Lover*. "When you look at the great reviews for a loathsome little picture like this one, you can understand why so many people don't trust film critics any more," said Medved when the film opened in the US. "I actually feel ashamed to be part of this profession."

He abhors, as I do, critics' penchant for describing camera-work, editing, acting, set design – whatever – while ignoring, often, the morality of a film's content or execution. "The politically correct... notion is that we should never dig deeper – to consider whether a given work is true, or good, or spiritually nourishing – or to evaluate its impact on society."

My remedy: banish all arts critics to the sports desk and make them write about *that*. But it would be risky. Many editors would simply transfer their sports writers to the arts desk, to write about film and dance. Sports writers: now *there* is a bunch of psychopaths...

صكنا من الاصل

FINANCIAL TIMES SURVEY

SINGAPORE

■ Economic growth has surprised the forecasters: see report, Page III

■ City-state plays host to 4,000 multinational companies: see Page IV

Monday April 18 1994

Income per head in Singapore has already topped that of some industrialised countries – but the city-state's leaders are not complacent about the future, writes **Alexander Nicoll**, Asia Editor

Relentless quest to be in the first league

Singapore's remarkable development represents a challenge to western free-market recipes for success.

The government has a dominant role in planning the island's development. It ensures that all the conditions are in place for the island to meet its economic goals – ranging from building physical infrastructure, to the maintenance of social order, to obtaining the right number of graduates in engineering or computer science.

The public sector is extensive. According to a study by the US embassy in Singapore, "government-linked companies straddle almost every industrial sector, from arms-making to food processing, from steel to semiconductors, and from robot leasing to banking and property development."

Under its privatisation policy, the government has been careful to maintain control – last year, for example, it sold only 7.3 per cent of Singapore Telecom to the public. With government-linked companies and foreign manufacturers accounting for the bulk of industrial production, the domestic private sector has a relatively low profile.

The combination of an open trading economy, government-led development and social stability remains appealing to foreign investors even though the cost of operating in Singapore has risen. Last year, new commitments to manufacturing investment from foreign companies totalled S$3.1bn, or more than S$1,000 per head of Singapore's 3m population.

Singapore's leaders, their confidence boosted by an unexpected acceleration of economic growth to almost 10 per cent last year, are becoming more outspoken in defending the government's prominent role in the economy and in the management of citizens' lives.

Mr Richard Hu, the veteran finance minister, chose to restate some of the government's essential philosophy in his budget speech at the end of February – delivered against a background of not only rapid growth but also fiscal surplus, low inflation and rising productivity.

High taxes to finance heavy government subsidies would discourage hard work and enterprise, he said. But market solutions carried to the extreme "are harsh on the less able who become the poor and low-income earners." He said: "The government cannot adopt a totally laisser faire approach, and blindly hope that market forces will make everything work out in the end."

Mr Hu said the government sought to ensure racial integration in housing estates – the population is 75 per cent ethnic Chinese; 14 per cent Malay; and 8 per cent Indian – because "left to natural forces, people will find it more comfortable to gravitate towards the like-minded."

The result of such choices would be "racial and religious enclaves, a sure formula for social strife as we have seen in other parts of the world."

Similarly in education, "while the choice of courses ultimately depends on individual applicants, we cannot passively accept these individual choices as the final word." Too many doctors and lawyers would mean too few engineers and computer scientists. "The viability of our economy will be at risk."

Singaporeans justify this unusually interventionist approach through reference to the country's perpetual vulnerability as a small island, wide open to the cycles of the world economy, with no resources except its own people.

They have been well schooled in this approach by Mr Lee Kuan Yew, who led the country through its reluctant independence from Malaysia in 1965 until 1990 and remains, with the title of senior minister, a powerful force in the cabinet of Mr Goh Chok Tong, the prime minister.

The unusual lengths to which the Singapore government goes to ensure social order have been highlighted by last month's sentencing of Mr Michael Fay, an 18-year-old American convicted of vandalism, to six strokes of the *rotan*, a heavy cane which leaves permanent scars.

The sentence provoked violent condemnation from some quarters in the US – even President Clinton said the punishment "seems extreme" – although it also received support from Americans who, writing to newspapers and congressmen, said violence and vandalism in the US should be treated in similar fashion.

"We believe that tough laws, enforced strictly and impartially, keep Singapore not only clean but, more important, safe and crime-free," said Singapore's ambassador to the US.

Singapore's leaders insist that laws and penalties seen as tough in the west are not controversial among Singaporeans. However, some of Singapore's elite and leaders of the business community may be dismayed at the guilty verdict pronounced last month on three economists and two journalists for breaches of the Official Secrets Act. The case stemmed from premature publication of the government's preliminary estimate of economic growth for the second quarter of 1992.

The trial suggested that there may be growing conflict between the government's desire to control information and its ambitious goal of becoming a centre for information technology.

There is, however, little evidence that authoritarian government is responsible for loss of popular support for the People's Action Party, which has ruled Singapore since 1959. Nevertheless, the PAP, which holds virtually all the seats in parliament, has suffered significant set-backs in elections over the past few years.

The PAP is under no immediate threat. Opposition politicians find it difficult to make headway against the PAP's formidable propaganda and legal machine. The PAP has been strengthened by recent bickering within opposition parties. However, PAP strategists are bound to be concerned at the level of anti-government votes in most elections.

Prof Chan Heng Chee, an expert on the PAP and former ambassador to the United Nations, believes economic development, affluence and education have brought increased demand from Singaporeans for "more political space, participatory government, open government, and a step back from an over-regulated society."

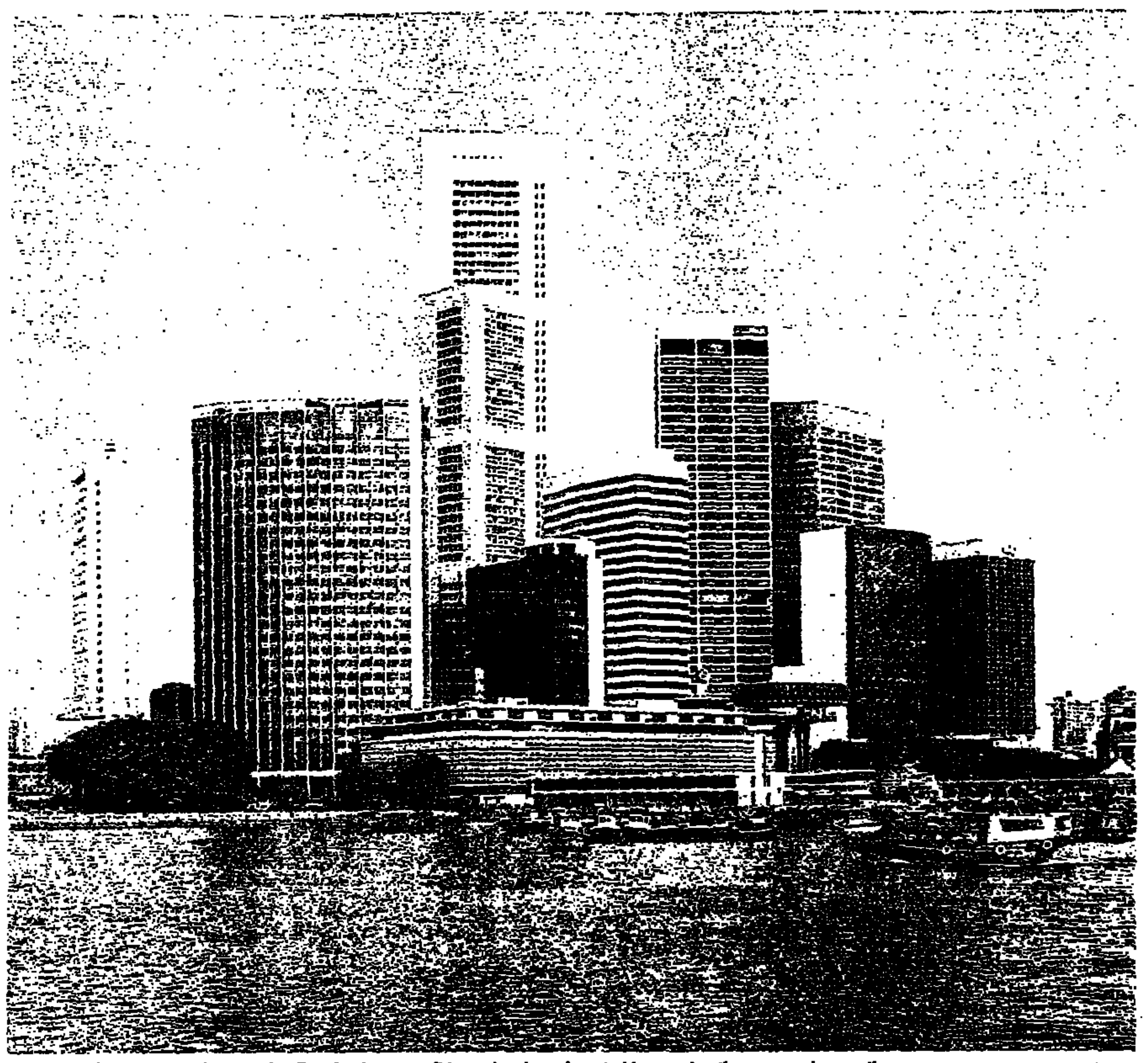
Although they do not reject PAP government, Singaporeans "do want to see more opposition members in parliament," she wrote in a paper last year. Prof Chan says the PAP leadership understands it must moderate its style of government. She also believes that for most Singaporeans, the main causes of dissatisfaction are economic – such as the rising cost of living.

With costs rising and aspirations high – income per head has already topped that of some industrialised countries – the city-state's leaders are not complacent. They are relentlessly pursuing their goal of pushing the country into the "First League".

Part of this drive is an attempt to spread Singapore's wings overseas. In a country so dominated by the government, it is ironic to find leaders frustrated with the lack of entrepreneurial spirit among businessmen. Mr Lee and Mr Goh are urging them to be more venturesome in investing abroad.

The government's "external wing" policy springs from the realisation that Singapore's rapidly accumulating wealth can only be put to limited use at home. At the same time, other Asian countries with lower labour costs, especially China, are competing ever

Turn to back page of survey



Singapore skyline, overlooking Marina Bay: business confidence has been boosted by accelerating economic growth Picture by Manfred Gottschalk, Apa Photos

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Pictures: Glyn Genin, Manfred Gottschalk, David Hayes.

People's Action Party retains a firm grip on power

PAP secure despite protest votes

Last August, Mr Ong Teng Cheong was elected to Singapore's presidency, which carries limited executive powers, with 58.7 per cent of the popular vote. Most noteworthy about the poll, however, was that 670,358 people, or 41.3 per cent of voters, chose not to support the former deputy prime minister.

Instead, they voted for Mr Chua Kim Yeow, a relative unknown who was reluctant to run – he did so in order to make a contest out of what was the first presidential poll – and barely campaigned. He said Mr Ong was "a far superior candidate."

The poll appeared to be the latest of a series of protest votes against the People's Action Party, which has governed Singapore since the island became independent in 1965.

This in no sense represented a crisis, since the PAP appears still to enjoy wide popular support on key issues and retains a firm grip on power. But it did suggest that the party needs to ensure that it stays in tune with the views of Singaporeans, who are quite prepared to register their disapproval. The PAP is seen as a secretive organisation, run by planners rather than politicians, and to some extent as lacking a sense of what is important to ordinary people.

The party needs to ensure that it stays in tune with Singaporeans, who are prepared to register their disapproval

In the last general election in 1991 – the first contested as prime minister by Mr Goh Chok Tong – the PAP won its lowest ever share of the popular vote, 61 per cent, continuing a steady slide from a 76 per cent share won in 1980. Opposition parties won four of the 81 elected parliamentary seats. This was taken seriously by Mr Goh, who said then: "In my view, life cannot be as before. Certain things have to change now. How they will change I do not know."

Mr Goh, whose predecessor, Mr Lee Kuan Yew, is still an active patriarch and Senior Minister in his cabinet, has subsequently managed to restore his position.

Gone is his initial emphasis on more "consultative" government, which appeared not to play well with more conservative voters. His latest cabinet, appointed last December, was interpreted by local analysts as further establishing his seniority.

Also assisting him has been internal dissension within the leading opposition party, the Singapore Democratic Party, which has three parliamentary seats. Following its expulsion of Mr Chiam See Tong, its founder and parliamentary leader, the party became embroiled in factional wrangles in the courts.

Another SDP politician, Mr Chee Soon Juan, has encountered difficulties which are more normal for the opposition in Singapore. Mr Chee, dismissed from his post as lecturer at the National University of Singapore for an alleged financial irregularity, was then sued for defamation by his department head, a PAP member of parliament. In February, Mr Chee abandoned his defence against the suit.

The US government's 1993 human rights report on Singapore says that "the government has used its broad discretionary powers to hinder the creation of support organisations for the opposition parties."

It also notes that "the PAP attributes the lack of an effective opposition to disorganisation, lack of leadership, and lack of alternative policy programmes."

According to one foreign diplomat: "The PAP takes the view that Singapore is a small country with limited talent available, and that it cannot afford an opposition – it needs all the talent in government."

However, even if the PAP faces no immediate threat, Singapore's voters have clearly been sending it a message. Prof Chan Heng Chee, an expert on the PAP and former ambassador to the United Nations, says that in general dissatisfaction is not on issues of individual liberty. "For the majority of people, the cost of living is the burning issue."

The costs of housing and cars have been rising sharply, although inflation in the prices of other goods has been far less steep.

Moreover, says Prof Chan, the quality of goods and services has increased in tandem with rising income, pushing up the cost of living.

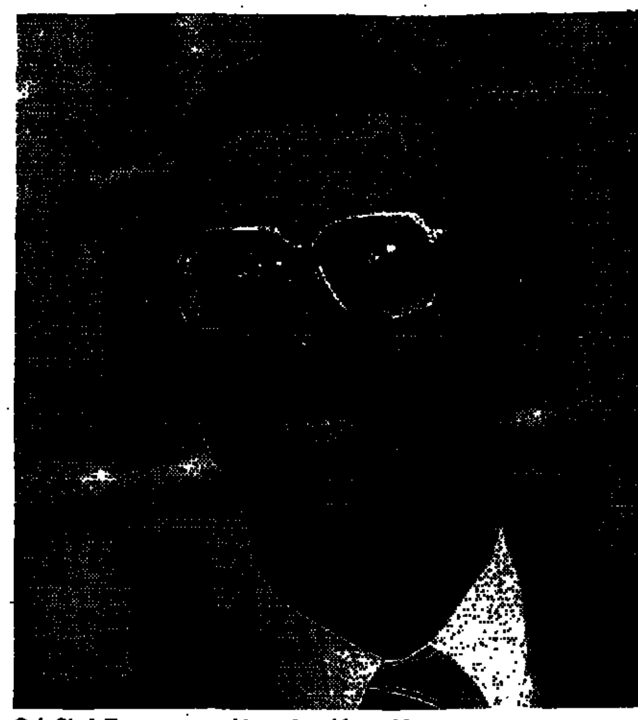
Some Singaporeans fear that such is the speed of Singapore's development, younger people will have ever-rising expectations but also less personal incentive to succeed because of greater family wealth relative to that of earlier generations.

'The PAP takes the view that Singapore is a small country with limited talent, and that it cannot afford an opposition'

Prof Chan says: "There is a group of young people who would like a much more liberal society, but they are not in the majority." She says the average Singaporean would have little sympathy with, for example, avant-garde theatre companies which recently got into trouble after an actor made himself vomit on stage after reading a local newspaper, and another cut his pubic hair on stage.

Other analysts saw this incident, and another in which a playwright was found to have attended a US workshop in which a Marxist was involved, as a warning by the authorities against the raising of popular political consciousness through cultural activities.

Prof Chan nevertheless acknowledges there will be a desire for changes in political style and says the task will be to respond to expectations "without weakening the fabric of society" – that is, lapsing into the sexual promiscuity, drug use and press irresponsibility which Singaporeans see afflicting western societies.



Goh Chok Tong: managed to restore his position

With Mr Goh now expected to lead the government beyond the next general elections due by mid-1996, his more immediate task will be to ensure the continued appearance of fresh talent in government as experienced politicians retire.

His latest cabinet, though it involved an extensive re-shuffle, did not introduce a single new face.

Singapore's politicians are among the world's best paid but the appeal of the private sector and of less high-profile but still lucrative government posts is considerable. A recent trend has been increased use of the armed forces as a talent pool from which to draw PAP leaders.

One such leader is Mr Lee Hsien Loong – known as "B.G." (for Brigadier-General) Lee – deputy prime minister and son of Mr Lee Kuan Yew. Only 41, he is expected eventually to take over the reins from Mr Goh, having apparently made a good recovery from lymphatic cancer. However he is thought not to be as popular as his father, and will find it difficult to follow in his footsteps.

Alexander Nicoll

The quality of goods in shops has increased in tandem with rising income

Hand signals: Simex has established itself as a force in its own right in the futures business

Regional centre for financial services

Expanding base for international bankers

Singapore's credentials as a regional centre for financial services have strengthened over the past year.

In common with other south-east Asian stock markets, Singapore's has benefited from increased demand from local investors as well as an influx of funds from US investors awakening to Asia's rapid development. The October flotation of 7.3 per cent of Singapore Telecom was an important step forward. Futures trading on the Singapore International Monetary Exchange has also grown rapidly.

Meanwhile, Singapore continues to remain attractive to international banks wishing to establish a regional base. Foreign exchange trading is growing and a number of foreign houses have set up international fund management activities.

The expansion of financial services was an important factor in the island's much faster-than-expected 9.9 per cent economic growth in 1993. Financial services, which contribute about one eighth of gross domestic product, enjoyed about 20 per cent growth, according to officials.

In spite of the growth of trading activities, the backbone of the financial industry remains international banking, which began in the 1960s as a relatively unsophisticated loan booking business and has developed steadily since.

The Asian dollar market, in which banks have set up some 200 separate book-keeping entities called Asian Currency Units, had a total balance sheet of $386bn by the end of 1993, representing a modest resumption of growth after a decline caused by Japanese banks reducing the size of their balance sheets.

Officials say that although Japanese banks are by no means withdrawing from the Singapore market, they have become less aggressive and less keen on capturing market share at the expense of profitability. Therefore, pressure on margins has eased.

Singapore-based syndicated loan business has been growing, particularly for regional lenders, including Thailand. Banks in Singapore have even begun to take some Chinese loan business away from Hong Kong.

Domestic banking business has also been buoyant, with growth in loans to buy property and cars, of which prices have been rising sharply.

Foreign exchange trading, for which Singapore is the world's fourth-largest centre after London, New York and Tokyo, grew to a daily average of $85.4bn in 1993 from $80.8bn in 1992, the Monetary Authority of Singapore estimates. Dealing in the D-Mark, the most actively traded currency, exceeds that of the Tokyo market where the yen dominates.

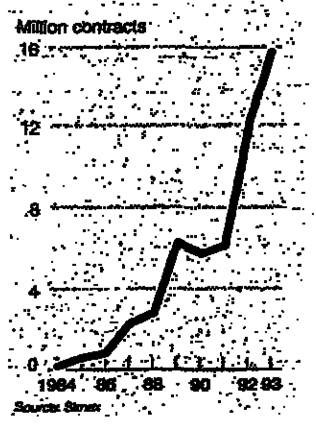
The government has been seeking to stress Singapore's attractions for international fund managers. By the end of last year, some 83 fund management concerns were operating, mostly foreign, and had S$61.8bn under management compared with S$37.4bn in 1992, according to monetary officials. About 20 of the concerns have funds under management of more than S$1bn.

Among recent entrants is the People's Bank of China, China's central bank, which last year established a subsidiary in Singapore both to raise funds and to manage the country's foreign exchange reserves.

All of this suggests that Singapore poses a growing threat to Hong Kong, its long-time rival as an Asian hub for international financial activity. Although Singaporean officials will not be drawn into overt competitive statements, they quietly point to the rise of office rents in Hong Kong.

One senior official said he believed Hong Kong would increasingly be geared to serve the booming industries of South China as the economies became more closely linked, and that Hong Kong's role as a more international centre would diminish accordingly.

Simex volumes



Source: Simex

Mr Richard Hu, finance minister, says: "One of our objectives is to develop truly into a capital-raising market, like Hong Kong... We are different from Hong Kong in that we are much more regulated, though Hong Kong is now moving much closer to the Singapore model... In the long term, they will become more like us and we more like them."

A particular concern of the Singapore government has been to prevent international financial business having undue influence on the domestic economy. Because of Singapore's small size, the government has always believed that to allow the Singapore dollar to become an actively traded currency would make the island excessively vulnerable to the massive ebbs and flows of international speculation.

This policy remains, although officials admit that the growth of international purchases of Singapore stocks may make it harder to sustain. Nevertheless, they are confident that even if foreign funds were for some reason to flow out of the local market, large foreign exchange reserves will permit the Monetary Authority of Singapore to continue to intervene in the currency markets when necessary to steer a steady appreciation of the local currency – its most important anti-inflation tool.

The expansion of the domestic financial markets last year exposed some frailties. The flood of orders from local investors for Singapore Telecom shares in October, coming on top of an already huge increase in trading volume, was too much for stockbrokers. Because they could not handle the burden, investors were allowed to make their applications via banks' automated teller machines (ATMs). Subsequently, they were allowed to sell Singapore Telecom shares at bank branches.

This has led the exchange to permit a by-passing of stockbrokers which members of most stock exchanges would find scarcely tolerable. The exchange announced in January that because "stockbrokers are unable to fully service the needs of the investing public and to provide investors with alternative means of trading," it would introduce a new dealing system through branches of local banks.

Investors will be able to buy and sell all scripless shares at bank branches without opening an account with a stockbroker. They will simply need an account with the clearing institution to hold shares, and an ATM card from their bank which can be used instantly to check and debit or credit their accounts. Share trading is entirely computerised – the exchange's Central Limit Order Book (Clob) system matches buy and sell orders automatically.

One of the reasons for the interest in Singapore Telecom's privatisation was the relaxation of controls on the Central Provident Fund, to which both employers and employees are required to make substantial contributions.

Individuals are allowed to withdraw money from their CPF accounts to make share and property purchases – although if they subsequently sell those assets, the capital must return to their CPF account. After the rules were relaxed in October, the month of the Telecom sale, S$4.5bn was withdrawn from the fund of which S$4.1bn went into share purchases. More than half the population now owns shares.

CPF funds and further privatisations (although no further large official sales are imminent) are likely to add considerably to the depth of the stock market – a boost which it needs even though brokers had inadequate capital and back-room strength to handle the October rush.

Nearly half of Singapore stock exchange trading is actually in Malaysian stocks, and in 1993 the 17 most active stocks in terms of numbers of shares traded were all Malaysian.

However, at least some o this business is expected to drain away from Singapore as the Kuala Lumpur exchange adopts scripless dealing. The Singapore authorities therefore have an urgent need to deepen the market in local stocks.

Although the market capitalisation figure has risen sharply, the "free float" is far smaller as the government or other large holders retain substantial stakes in many companies. Some shares also have limits on foreign ownership.

Peregrine, the regional securities house, estimates that of theoretical market capitalisation of S$218bn, only about 30 per cent is truly available of which about half is owned by overseas investors.

For fund managers, it is hard to get full exposure to the Singapore economy because a large proportion is still in the public sector and foreign companies account for more than 70 per cent of the island's manufacturing output.

However, listed companies have generally shown strong earnings growth and are expected to continue to do so, underpinning what analysts see as a promising outlook even after the past year's sharp rise caused partly by the sudden acceleration of economic growth.

The Singapore International Monetary Exchange has established itself as a force in its own right in the futures business. Established in 1984, its early years were dominated by its pioneering trading link with the Chicago Mercantile Exchange. That contract expires this year but is being re-negotiated. However, dealing in three-month Eurodollar deposit rate futures – the main contract linked to Chicago – is now down to only about a third of Simex volume.

Instead, the exchange is dominated by Japan-related contracts, particularly three-month Euroyen deposit rate futures and Nikkei 225 stock index futures. In October, Simex introduced a Japanese government bond contract to the displeasure of the Tokyo Stock Exchange. "We explained to them that this was appreciated by the Managed Futures Association in the US," says Mr Ang Swee Tian, exchange president.

For the future, Simex is considering the introduction of more regional stock index futures – it launched a Hong Kong index contract last year – and is discussing a link with the International Petroleum Exchange in London under which it would launch a Brent crude oil contract to take advantage of Singapore's important role as an oil refining and trading centre.

Alexander Nicoll

STOCK MARKET PERFORMANCE

	1992	1993	% change
STI index	1,524.4	2,425.68	+59.1
Total market capital	S$134.9bn	S$379.4bn	+181.2
Turnover (shares)	13.9bn	66.4bn	+377.7
Turnover (value)	S$29.44	S$127.6bn	+334.1
Number of new listings	15	21	
Funds raised by public offers	S$514.7m	S$6.84bn*	

*Of which Singapore Telecom accounted for 60 per cent. Data source: Singapore Stock Exchange

صورة من الأصل

Economic growth surprises the forecasters

Singapore, as a newly industrialised economy, had schooled itself to expect slower, steadier growth than in the heady, early days of its development. Last year, however, the economy confounded the forecasters and this year it may do so again.

The 1993 growth rate of 9.9 per cent was well above both the previous year's 6 per cent and the government's long-term targeted range of 4 to 6 per cent. For 1994, the government is forecasting growth of 6 to 8 per cent.

Manufacturing industry grew by 9.8 per cent, mainly because of strong demand for electronic products such as disk drives, telecommunications equipment, semiconductors and printed circuit boards.

A sharp increase in stock market trading, combined with expansion of foreign exchange dealing, domestic lending and Singapore-based international banking, brought a big increase in the contribution of financial services to growth, too.

When this performance is combined with low inflation, a strong currency, fiscal surplus, productivity growth exceeding real wage growth, and buoyant export markets in the US and Asia, the economic picture is extraordinarily rosy.

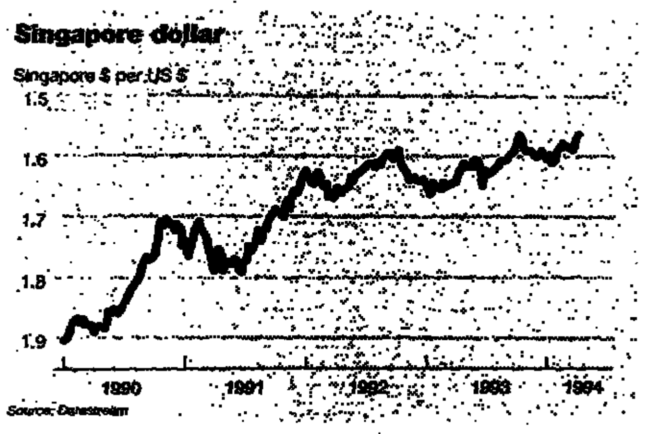
Not that the island's leaders are complacent about the prospects. Singapore has no resources except its population – even water is imported. The government is, therefore, paying considerable attention to ensuring that its people have the right qualifications to push an already industrialised and well-off country further forward.

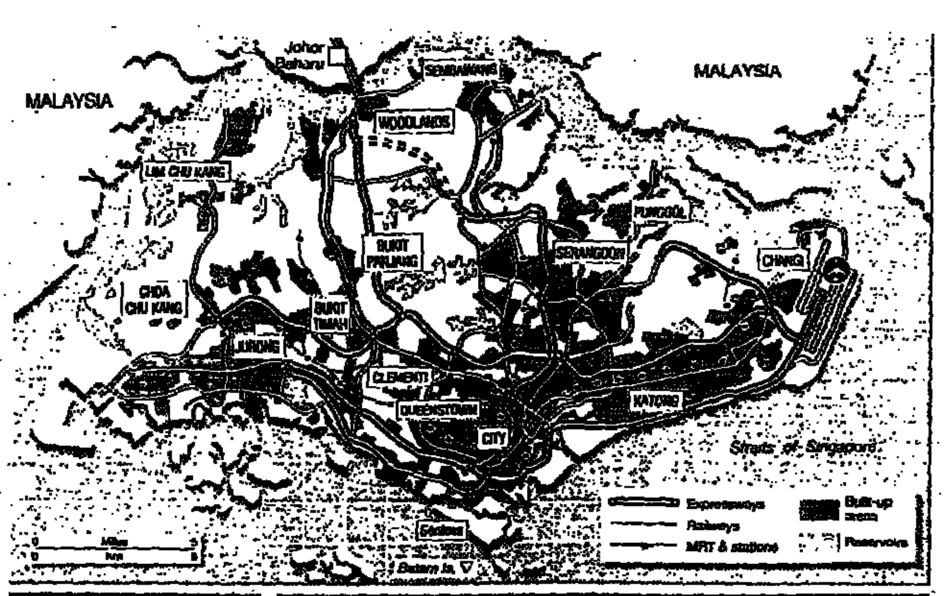
Mr Richard Hu, finance minister, noted in his February budget speech that Singapore had the least educated workforce of any of its near rivals in Asia, with only 54 per cent of the labour force having at least secondary school education compared with more than 70 per cent in Hong Kong, Taiwan and South Korea.

Moreover, he pointed out, the economic structure is very much that of a developing country – "we depend heavily on foreign technology." Research and development spending was well below that in Taiwan and Korea, and very few Singaporean companies ranked as world-class, he said.

The government itself may be to blame for this. Its emphasis on government-led planning and the dominance of state-controlled companies has tended to stifle entrepreneurship.

Many of the products of Singapore's manufacturing industry are likely, too, to have a fairly short cycle before they are replaced by newer technology. The aim must always be to be competitive for the next wave of products. To this end, the Economic Development Board last year invested in a semiconductor wafer fabrication plant in partnership with three foreign companies.





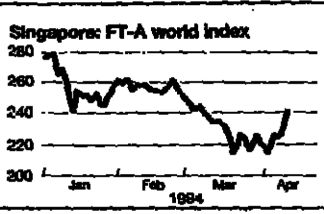
KEY FACTS

Area	637 sq km
Population	2.87 million (1993)
Head of State	President Ong Teng Cheong
Currency	Singapore dollar (S$)

Economy

	1992	1993	1994 (forecast)
Real GDP growth (% pa)	6.0	9.9	6 - 8*
Consumer price inflation (% pa)	2.3	2.4	-
Current account balance (US $ billion)	3.7	2.0	2.4
Average exchange rate (S$ per US $)	1.63	1.61	-

* Government forecast



Main trading partners 1992 (% of total)

	Exports	Imports
United States	21.1	16.5
Malaysia	12.5	14.7
Japan	7.6	21.1

Sources: Economist Intelligence Unit, Graphite

Improvement of educational standards, creation of more dynamic companies – partly through privatisation – and encouragement of high-technology investment are all part of the government's long-term programme to keep Singapore competitive and advance it to what it calls the "First League."

At the same time, it is seeking to prevent greater affluence from stimulating popular demand for increased provision of government services such as care for the elderly. "We must avoid the pifalls of welfarism which, as the experience of socialist and western democratic governments has shown, sooner or later leads to dependency and destruction of the work ethic," Mr Hu said in his budget speech.

In the shorter term, there are a number of economic question marks:

First, the introduction of a 3 per cent value added tax from the beginning of this month is likely to depress consumer spending, though most economists believe the effect will only be temporary. It will cause a one-time increase in inflation, though probably of less than 3 percentage points. The government has reduced other taxes to offset the impact and has guaranteed to keep the VAT rate at 3 per cent for at least five years.

Second, interest rates began to creep upwards even before the US Federal Reserve began to tighten credit earlier this year and are generally expected to rise further during the year. Since Singapore's anti-inflation policy depends on maintaining a firm exchange rate against the US dollar, local interest rates are likely to rise further this year.

Third, residential property prices have been rising too fast for the comfort of some economists.

Fourth, a fall this year in the stock market – in line with the general correction in south-east Asian markets after last year's strong gains – is likely to reduce the contribution made by financial services to economic growth this year.

Growth of manufacturing industry is likely to remain closely linked to demand in important export markets, particularly the US. Tourism has also shown healthy growth, although the government worries that visitors may increasingly treat Singapore as a stop-over between Asian destinations.

The government is mindful of the short-term challenges as well as the longer-term questions over Singapore's competitiveness. It knows that continued prosperity depends on staying ahead of other regional economies in attracting foreign investment and trade.

Mr Richard Hu, finance minister, summed up the government's continuing intention to plan ahead when he said in his budget speech: "Singaporeans must not be lulled into thinking that we have arrived, and start relaxing and taking progress and prosperity for granted."

Alexander Nicoll

Key role for Singapore's Economic Development Board

A highly efficient one-stop service

It's the annual press conference of the Economic Development Board and Mr Philip Yeo is 'off': talking in rapid fire even while he is being introduced, the chairman dispenses with his prepared statement, harries local journalists to ask questions, and soon brings the meeting to an end ahead of schedule.

Mr Yeo is in charge of Singapore's industrial development, and he is rocket-powered, writes Alexander Nicoll.

The EDB is given credit by foreign companies for its highly efficient one-stop investment service. Its officials will meet you at the airport, guide you to a potential factory site, and guarantee a time (soon) when it will be operational. The board has continued to convince foreign manufacturers of Singapore's attractions even though the island's costs are higher than those of its equally ambitious neighbours and skilled labour is in short supply.

The job of selling Singapore is done partly by dressing the country's aspirations in bewildering marketing-speak. The board aims to build "world-class industry clusters." Singapore is to be a "global knowledge arbitrageur." It wants to promote "second 'S' curve corporations."

Here is a sample of the board's annual report: "Collective competitiveness is about synergy. It is about how the partnerships and strategic alliances Singapore Inc forges under the Singapore Unlimited and Shakkei approach can result in win-win benefits for all parties concerned."

But underlying all this is a fierce determination to create jobs which will attract the country's young people. Mr Yeo and his older colleagues in government are ever-conscious of Singapore's small size, lack of resources, and vulnerability to the intense competition to win away the foreign investment which has driven the island's growth. For them, it is a matter of the country's survival.

Philip Yeo and EDB colleagues are fiercely determined to create more jobs for Singapore's young people

"What's important to a young boy or young girl in university is: who's creating the job for me?" Mr Yeo says. He makes no apologies for government's prominent planning role: "Government is the great worrier. No individual has the resources to do what a government can do. When government abdicates, individuals suffer."

There is no question about where he expects the aspirations of the young and their educators to be focused – "if people want to be poets, sculptors or painters, they can do that as a hobby, but not as a job."

Mr Yeo goes further. His preference is strongly for the maintenance of Singapore's role in manufacturing more than development as an international services hub – "manufacturing is the key to our economy because it creates many multiplier effects," he says, although he acknowledges that "the services sector is also important because it creates good white-collar jobs."

The EDB, mindful of the potential obsolescence of key Singapore products such as disc drives, is seeking to develop higher-technology industries. Last year it took a stake itself in Singapore's first "wafer fab" making semiconductor chips in partnership with Texas Instruments, Canon and Hewlett-Packard.

The EDB's success in promoting Singapore as a place for inward investment can hardly be questioned. Inward investment remains strong while it has fallen sharply in Singapore's neighbours, Malaysia and Indonesia.

But it is less clear that the EDB will be able to reverse its approach to take on the new role demanded of it by the government. This is to lead Singapore's "external wing" policy of investing elsewhere in the region.

Predictably, this has been cloaked in another slogan: "Shakkei, where a beautiful garden is made more beautiful by integrating distant scenery into the garden landscape."

What this actually means is investing part of Singapore's riches abroad but seeking to keep the investments closely tied to the real economy at home – for example, through farming out labour-intensive parts of a production process to a cheaper country while keeping the high-value-added, skill-intensive parts in Singapore.

The task is challenging not least because more than 70 per cent of Singapore's manufacturing industry is accounted for by foreign companies, likely to have their own regional strategies which may not fall in with those of Singapore. A company's decision to manufacture in China may be taken quite separately from consideration of its presence in Singapore.

Mr Yeo hopes to work with the multinationals, some of which, he says, "are more loyal to Singapore than local companies."

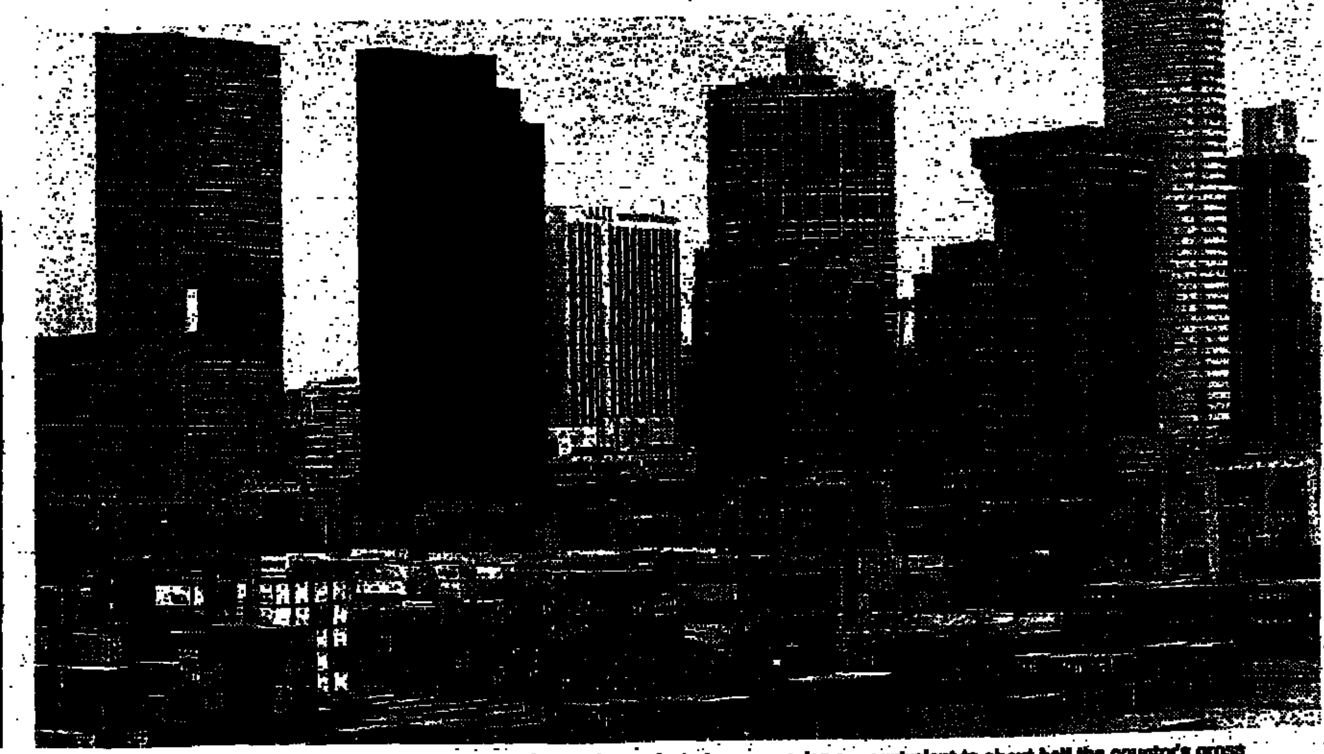
"Our job is to encourage Singapore companies to invest overseas," he says. "The EDB is a very hard-nosed organisation. Whatever project we promote must have a direct economic benefit for us."

He says this assurance is vital because "otherwise Singapore appears to be a regional Father Christmas."

Guy de Jonquières examines Singapore's industrial strategy

Open door creates wealth

A welcome awaits the world: Singapore plays host to the operations of about 4,000 multinational companies which employ 200,000 people *Picture: Glyn Genin*



A park for containers: the exports of Singapore's 800 multinational manufacturing companies are equivalent to about half the country's gross domestic product. In all, the city-state is a base for 4,000 multinational businesses *Picture: Glyn Genin*

For more than two decades, Singapore has proudly offered itself to the developing world as living proof that multinational companies, far from exploiting vulnerable host countries, can be exceedingly good for their wealth.

Indeed, the country's spectacular economic growth and high standard of living are the direct results of a policy of assiduously courting foreign corporations which, until a few years ago, were shunned as pariahs in many other parts of Asia.

Mr Philip Yeo, chairman of the Economic Development Board (EDB), the government's main instrument of industrial strategy, defends the policy as hard-nosed pragmatism.

"Who creates the jobs is what matters. Ownership is irrelevant," he says. "The day we became nationalistic, GDP growth would fall, for sure."

Today, Singapore plays host to the operations of about 4,000 multinational companies, 800 of them in manufacturing. They employ more than 200,000 people, more than half the total labour force, and their exports are equivalent to about half the country's gross domestic product.

And they keep coming. Last year, inward direct investment in manufacturing rose 12 per cent to a record S$3.9 bn. More than a third was from the US, and roughly a fifth each from Japan and Europe.

Part of Singapore's success is due to the energetic efforts of the EDB, which combines professional marketing with an ability for keeping red tape to a minimum. The EDB also has an attractive package to sell, which combines political stability, a skilled labour force, generally liberal economic policies and modern communications.

However, the nature of Singapore's attractions has altered since the days when western and Japanese multinational companies viewed the country principally as a cheap off-shore base from which to export products back to their home markets.

Today, fiercer competition and expanding opportunities in south-east Asia are prompting many multinationals to treat Singapore as a regional nerve centre, equipped to respond rapidly to changes in neighbouring markets.

As Mr Wilson Tan, general manager of Apple Computer, puts it: "In the early 1980s, corporate location was very much cost-driven. Now, time-to-market is a much more important consideration."

The spectacular economic growth and high standard of living are the direct results of a policy of courting foreign corporations

Mr Jeff Dryjanski, regional director of Motorola, says Singapore's rising costs have been more than offset by its efficient business infrastructure. "A lot of our costs are machinery. You can't just buy machinery and expect it to run. Automation doesn't just happen by accident."

On this score, Singapore is rated highly compared to many neighbours – "Malaysia has quite a good commercial infrastructure and is starting to develop a sense of business urgency," says another western businessman. "But try talking about those things in Indonesia or the Philippines, and it just doesn't click."

The EDB continues to scour the world for inward manufacturing investment. However, it has recently started expanding industrial strategy in two directions which capitalise on what it sees as Singapore's intrinsic advantages.

One is to widen the the scope of multinational activities by attracting more regional headquarters and make the country the base for more information-based services. It is well on the way to achieving the former objective. But prospects for the latter appear more doubtful.

Many foreign businessmen point out that the country's tight controls on the media, including censorship of foreign newspapers and a ban on direct satellite dishes, are unlikely to attract businesses which depend for their life blood on free information flows.

The controls look even more anomalous in the light of the EDB's other initiative, intended to expose indigenous businesses more directly to international influences by encouraging them to expand abroad.

This so-called "second wing" policy has several origins:

- The well-publicised belief of Mr Lee Kuan Yew, the Senior Minister, that Singaporean companies had grown accustomed to too easy a life at home and needed to become more adventurous.
- The government's desire to diversify its massive reserves, mostly invested in foreign securities, by channelling money into opportunities offering more direct benefit to the real economy.
- Growing awareness of physical constraints on further domestic growth. In the words of Mr Sim Kee Boon, chairman of the group Keppel group and an elder statesman of Singaporean business: "Our costs are going up and commercial opportunities are being exhausted. We need to look outwards."

In its first incarnation, in the late 1980s, international expansion looked mainly to west. However, the thrust was blunted after investments by a number of Singaporean companies turned sour.

The idea now is that Singapore should export not just capital, but also technology, experience and skills, and focus its attention more tightly on other parts of Asia.

In practice, this has so far taken the form mainly of involvement in the development and construction of industrial estates and holiday resorts. Several dozen such projects have been announced, notably in Indonesia, China and more recently in India.

It is too early to judge the likely returns on these projects, the viability of some of which depends on persuading multinational companies located in Singapore to take space in the newly-developed industrial estates abroad.

"This may all be great for Singapore Inc.," says a foreign broker. "But I'm much less sure what it means for quoted Singaporean companies." However, the risks in many cases are likely to be limited by support from the government, which has said it is ready to invest up to one third of its foreign exchange reserves in promoting the "second wing".

It is not certain that the government's hopes of using the initiative to strengthen indigenous industrial suppliers will bear fruit.

In the electronics industry, *(see facing page)* most bigger manufacturers located in Singapore say they buy most of their components from other multinationals, relying on local suppliers mainly for lower-value items such as plastic mouldings and formed metal.

For the foreseeable future, it seems likely that Singapore's wider international ambitions will rely as heavily as its domestic economy on the muscle power of foreign-owned corporate guests.

Shares soar for Integrated Processors and Communications

Novel distribution methods

Patrick Ngiam: a high-tech entrepreneur who thinks big

At the entrance to IPC's blockhouse-like headquarters on a suburban industrial estate stands a scarlet Ferrari Testarossa, owned by Mr Patrick Ngiam, the company's chairman. It is, he says, his one extravagance in an otherwise punishing regimen which keeps him working from 6am until 10pm, five days a week.

If it were only a matter of money, Mr Ngiam could buy a boat-load of Ferraris and still have plenty left over. Since IPC went public last year, its shares have soared on the Singapore stock exchange, where it is capitalised at about S$1.8bn. Three quarters of the equity belongs to Mr Ngiam and close relatives.

Investors' rapturous enthusiasm partly reflects the fact that Mr Ngiam, 39, is one of a rare breed – a home-grown high-tech entrepreneur who thinks big and, on his record to date, knows how to deliver.

Mr Ngiam, a Thai by birth who went to school in Singapore, of which he later became a citizen, formed IPC three years ago with his brother Benjamin after selling a printed circuit board manufacturer which he had set up 10 years earlier.

Two other brothers and a sister have since joined IPC, as has Mr Ngiam's wife, whom he met while they were both students at Essex University in Britain.

The company – the initials stand for Integrated Processors and Communications – began life making personal computers. Its range has since expanded to include laptops, multi-media systems and electronic point-of-sale terminals, and it will launch a notebook computer this summer.

Last year, it earned pre-tax profits of S$41m on sales of S$274m.

Mr Ngiam insists that IPC is not really a personal computer manufacturer, but first and foremost a marketing-driven company which has thrived by pioneering novel distribution methods and emphasising customer service. "Technology is just a means, not an end," he says.

Surprisingly, IPC launched its first products in Europe. "The great thing is that Europe is a big market, but because it's divided, you can develop at your own pace," says Mr Ngiam. "In the US, it's taken for granted that you will address the whole market at once. But that is very costly."

Stranger still, the company made its debut in France, not usually considered an easy market. Mr Ngiam said it was chosen because Bull, the country's ailing state-owned computer group, offered such a soft target and because IPC was the first company to sell personal computers there by mail order. By last year, it had won 6 per cent of the French market.

It now sells in about 20 countries in Europe, Asia and the US, where it acquired Austen, a distributor and manufacturer, last year. It plans soon to establish a European plant, probably in Britain or Ireland, and possibly a research centre as well.

The exact location will depend on the regional aid packages on offer.

After its dazzling start, IPC's biggest challenge now is to show it has staying power in an industry notorious for its high casualty rate. Mr Ngiam says part of his strategy is to complement its PC range with products, such as point-of-sale terminals, which are made in smaller volumes but earn higher margins.

This will involve increased investment in research and development to ensure that the company remains technologically innovative. But the key to its future success will be to keep a tight control on operating costs while continuing to respond rapidly to market developments.

"We have to stay nimble. We have to offer the best service and the best products. We have to be the fastest and the cheapest," he says.

Guy de Jonquières

PRIVATISATION PROGRAMME

Greater urgency injected

In most countries, the spread of privatisation has been driven by two overriding motives: to shake up companies which have grown fat and lazy under state ownership, and to fill the coffers of cash-strapped governments.

In Singapore, however, neither concern has come into play. By common consent, most of the country's extensive state-owned sector is efficient and well-managed. As for the exchequer, persistent budget surpluses means it has money coming out of its ears.

According to Mr Richard Hu, finance minister, the main objectives of privatisation have been to strengthen Singapore's stock market and financial services industry by increasing the supply of tradeable equity, and to give the country's citizens a more direct stake in its economy.

In addition, the government hopes that privatisation will further its "second wing" strategy of encouraging business expansion in the rest of Asia by making companies more adventurous and pioneering.

The programme was formally launched in the mid-1980s and has so far involved about 60 sales, many of relatively small companies which have been sold to corporate buyers. Recently, however, external events have injected greater urgency into the programme.

The principal one is a plan by the Kuala Lumpur stock exchange to move to a paperless electronic trading system. This spells the end of trading in Malaysian companies' scrip certificates, which accounts for more than half the equity traded, by value, on the Singapore exchange.

The prospect encouraged the government last year to press ahead with its most ambitious privatisation to date, the flotation of about 11 per cent of Singapore Telecom (ST), which raised more than S$4bn. By most measures, it has gone a good way to meet Dr Hu's goals. Lured by a range of incentives, about 1.4m Singaporeans have acquired shares in the company, more than tripling the number of shareholders in the country. ST's recent market value of more than S$30bn accounts for roughly a quarter of the total capitalisation of Singapore's stock exchange.

Apart from its high profitability, stemming from its large international call volumes, ST's appeal is underpinned by the fact that it is the only privatised telephone company in Asia which faces no immediate threat of competition. Its monopoly is guaranteed on mobile telephony until 1997 and on basic services until 2007.

Nonetheless, at its recent share price, ST is worth almost half as much as British Telecom, which has sales more than 10 times larger and pre-tax profit four times as big. Some brokers see limited scope for further appreciation. However, a sharp fall, which could jeopardise popular support for further privatisations, seems even less likely.

Generous loyalty bonuses have given individual shareholders – who have seen the value of their investment double after allowing for initial flotation discounts – a strong incentive to retain their shares. Furthermore, it is widely thought that state investment bodies, such as the Central Provident Fund, would step in to prop up the price, if necessary.

Encouraged by the ST success, the government plans to privatise Pidemco Land, a property company, later this year, followed about two years later by the power supply businesses of the Public Utilities Board. Other likely candidates include Singapore Broadcasting, the port authority, the government printers and the mass transit railway.

Mr Hu hints that the scope of the programme may become more adventurous. With hindsight, he says, the government "grossly under-estimated" the demand for ST shares, and there is no reason in principle why 100 per cent of many state-owned companies should not be sold in one tranche in future.

He also favours a simplification of the three-tranche approach applied to Singapore Telecom, under which shares were offered separately to small shareholders, national financial institutions and all-comers.

There is no shortage of potential candidates. The government owns stakes, directly and indirectly, in several hundred companies. By one estimate, these account for more than two thirds of the stock market's total capitalisation.

The government has used its influence as a shareholder selectively. Once top managers are in place, it has tended to let them get on with the job, intervening only in exceptional cases when national interests are at stake. However, it monitors corporate performance rigorously and is quick to discipline managers who fail to perform.

To judge from the comments of the managers themselves, this system is unlikely to change radically even in companies which have been totally privatised. In any case, the government has retained a degree of influence over many bigger companies by holding "golden shares" and setting a cap on the proportion of their equity which may be held by foreign investors.

Furthermore, Mr Hu says the government intends to continue holding sizable stakes in privatised companies in "strategic" sectors, such as defence manufacturing.

Provided their shares are realistically priced, the generally high quality of Singaporean companies seems set to continue to ensure strong demand for future privatisations.

Indeed, if the programme faces any problems, they are more likely to be on the supply side. With so much of the country's economic and industrial activity accounted for by foreign-based multinational companies, some fund managers complain that it is difficult to find enough opportunities to buy direct stakes in "Singapore Inc."

Guy de Jonquières

The port authority is a likely candidate for privatisation; another possibility is the mass transit railway system *Picture: Glyn Genin*

The country's electronics industry is a leader in south-east Asia

Jewel in the manufacturing sector's crown

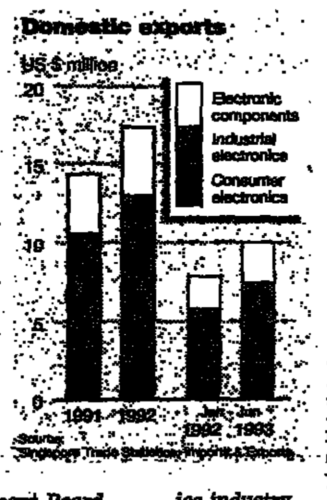
A historic aptitude for making hairpieces and cameras may seem a decidedly unpromising source of national advantage in fast-moving high-technology markets. Yet for Singapore the two activities have provided a launch-pad for one of the most successful and fast-growing electronics industries in south-east Asia.

Electronics is the jewel in the crown of the country's manufacturing sector. Not only does its S$38.4bn output last year – a 20 per cent increase on 1992 – make it the largest single industry; it is the flagship of Singapore's determined efforts to carve out a steadily larger role in research-intensive businesses with high value-added content.

Singapore's proudest claim is that it produces more than half the world's computer hard disc drives, a distinction which it has kept despite growing competition from Asian neighbours with lower labour costs and a drastic restructuring of local disc-drive manufacturing in the past few years.

In addition, the country hosts production of a wide range of consumer, telecommunications and office automation products. Most of the output supplies markets across south-east Asia and, in many cases, other parts of the world as well.

Singapore also recently strengthened its components capability with the opening of a state-of-the-art sub-micron wafer fabrication plant, a joint venture between Texas Instruments, Canon, Hewlett-Packard and the national Economic Development Board.



Singapore's bedrock strength is a talent for high-quality precision engineering. Mr Lee Suan Hiang, deputy managing director of the EDB, likes to tell how, when electronics companies first set up in Singapore, female workers turned their traditional adeptness at threading hair into wigs to cramming components on to printed circuit boards.

This ability was enhanced more than 20 years ago when Rollei of Germany set up a local camera plant and trained workers in mechanical engineering. "The plant closed, but the skills stayed on," says Mr Lee.

Basic manual dexterity has become less important as acute labour shortages and rising wages have encouraged increased automation. Sony, for instance, now produces 3.6m television picture tubes annually at a showpiece plant employing 600 people – the same number it needs to make 1.6m tubes at Bridgend, South Wales.

Staff numbers at Apple Computer's Singapore factory have recently been falling by 10 per cent a year, despite a steady expansion of its range which now includes all the company's products except the recently launched Newton electronic notebook.

In theory, these trends might seem to diminish Singapore's attractions to the world's electronics industry. After all, the capital costs involved in automation are the same all over the world – a fact which led many US personal computer makers in the early 1980s to repatriate final assembly operations previously done in Asia.

However, the country possesses other assets. One is the steady expansion of a sophisticated and reliable on-shore supply network. Sony says that when it began producing in Singapore 20 years ago, it mostly assembled imported components. Today, it sources 85 per cent of them locally.

Mr Jeff Dryjanski, regional director of Motorola, which has long had operations in Singapore, also points out that imported components and sub-assemblies carry far smaller duties than, say, in China.

Furthermore, he says, Singapore's excellence in production engineering – of, for example, the miniature pagers which Motorola makes produces there – is so outstanding that it is now setting the standard for some of the company's operations in other parts of the world.

Nevertheless, some observers wonder how much longer Singapore can hope to retain its competitive edge in the electronics manufacturing sector. They point out that the output of lower-margin products, such as smaller disc drives and some categories of consumer electronics, is increasingly shifting over to cheaper countries.

This prospect does not worry the government, which points out that one of Singapore's greatest strengths has been its proven ability to move quickly out of maturing activities and into emerging ones.

"We are preparing for the day when there will no longer be a hard disc drive industry in Singapore," says Mr Lee of the EDB.

The next big growth wave to which Singapore is pinning its hopes is in multi-media technologies and, in particular, the production of CD-Rom interactive information and entertainment systems. These developments are also providing opportunities for home-grown entrepreneurship, a phenomenon hitherto not much in evidence in Singapore's electronics industry.

Several companies have recently been formed to cash in on multi-media. They include Aztech, Creative Technologies and IPC. Most have been founded by Singaporeans who gained experience working for local subsidiaries of foreign multinationals.

Central to the government's longer-term strategy for the industry is the encouragement of more local research and development activities, with a particular emphasis on manufacturing technologies.

One way is through collaboration between multinational companies and local government and academic research centres. For example, Singapore University's Institute of Microelectronics has established close links with AT&T's Bell Laboratories.

The government is prepared to back such initiatives with generous financial incentives. The National Science and Technology Board, for example, is contributing, in the form of a grant, a quarter of the S$10m cost of a multi-media and microchip software R&D centre which Sony recently decided to set up.

Apple Computer is also stepping up local R&D, with the aid of a S$9.3m government grant. It has already designed a computer monitor in Singapore and develops there Chinese-language operating software for its machines.

The company is now considering expanding its number of researchers by recruiting in China and India, where trained scientific brains are plentiful and relatively cheap.

However, Apple does not conceal the fact that, for all Singapore's other advantages as a location for research, the availability of public funding on easy terms remains decisive.

Without that incentive, the company would probably not have located some R&D activities there, admits an executive. He says: "The future of our research here will be very much dependent on government support."

Guy de Jonquières

Releasing labour for skilled jobs is behind a drive towards automation

Honing a competitive edge

Residents of a Singapore suburb will take part this year in an experiment which could set trends all over the world. They will be given a "smart card" with which they will eventually be able to carry out virtually all daily transactions.

The card, containing a chip on which value can be stored, will be an "electronic purse", enabling the holder to make purchases in shops, travel on the subway and make telephone calls. It will also work in banks' automated teller machines (ATMs), so that the holder can withdraw cash, apply for new share offerings, and so on.

People in many industrialised countries will recognise elements of the experiment in services already available to them. Moreover, Singapore's grand aims for technology are very similar to the "information superhighways" talked of elsewhere – the marshalling of computer and communications technology so that information is easily available and put to efficient use by all.

What makes Singapore different is its comprehensive plan to bring information technology to bear on every aspect of life.

The country has a pressing need to automate whatever it can. It has a small pool of people with increasingly high aspirations. They want skilled jobs. The government, seeking to speed economic development ever higher up the curve of technology and added value, wants them to have skilled jobs. A job replaced by information technology releases a citizen for more productive work and may reduce costs.

Singapore not only has the need. It also has the potential to make the information technology dream come true. First, it is small and has no rural areas: technological changes involving everybody are less difficult to achieve than elsewhere. Second, it has a government with a predilection for planning and a people who fall in with the plans. Third, it has the money to invest in those plans.

Technological dream: a new 'smart card' which can be used anywhere from shops and subways to ATMs and telephones is part of the country's plan to bring information technology to bear on every aspect of life

Glyn Genin

The National Computer Board, charged by the government with supervising the information technology revolution, is working to create an "intelligent island" – a phrase it borrowed from a British Broadcasting Corporation documentary about Singapore.

Essentially, the plan involves wiring Singapore throughout with fibre optic cable which will enable all homes and offices to have access to a vast range of interactive services via telephones and personal computers.

One of the NCB's principal tasks is to oversee the building of the information pipeline – what it calls the National Information Infrastructure. It aims to have fibre optic cables to every home and office by 2005.

Just as challenging, however, is conceiving a broad enough range of services and activities available on the system to give it general appeal. It is all very well to look forward to the day when every home will have a computer through which personal business and recreational transactions can be accessed. But will people actually turn the machines on?

Mr Ko Kheng Hwa, NCB chief executive, reels off a list of National Information Infrastructure "trigger products", a number of which are essentially educational – using computers in the classroom, or having tuition at home via computer. Singaporeans will be able to browse through possible cultural and recreational activities.

They would also be able to take advantage of a "borderless library" or to create a "personalised electronic newspaper".

These are concepts which do not sit easily with the Singapore government's close control over the availability of information – it bans satellite dishes and controls entry of foreign publications.

Mr Ko, who notes that Singaporeans have enormous access to information through travel and through foreign news sources which they can easily receive, acknowledges that the subject is "one of the challenging issues that we have to address... As we move along we have to come to solutions to some of these issues."

Although it is unclear how many uses Singaporeans, and people elsewhere, will find for computers, there is no doubt that the wiring of Singapore will create the potential for big improvements in efficiency of business.

Some elements which do not require fibre optic cabling of the whole island are already operating: for example, all types of businesses and government departments involved in exporting and importing are linked to "TradeNet", which enables rapid processing on screen of customs and other formalities. A "LawNet" system is also operating.

Singapore Telecom offers a Teleview service including home banking, financial information, news, games and educational services. There are about 90 service providers on the system, and about 20,000 subscribers.

Ms Chua Sock Koong, treasurer of Singapore Telecom, says: "It's not an easy service to market. There is a lot to overcome." But she says that the best way to inculcate a general acceptance of the uses of information technology is in schools.

From 1996, Singapore's system for making drivers pay to enter the busiest city districts will be computerised. Cars will carry units which will be detected as they enter the areas and will automatically debit drivers' pre-paid smart cards.

The development of such services means intensive work in Singapore on computer software and hardware. If it pays off, it will not only make the island an extraordinarily high-tech place in the next decade. It is aimed to give Singapore a competitive edge in technological development so that it is less dependent on creative work elsewhere.

Alexander Nicoll

Listening to Mr Er Kwong Wah, the top civil servant at Singapore's education ministry, is enough to turn his counterparts in many other parts of the world green with envy.

His ministry's S$3.2bn budget accounts for 4 per cent of gross domestic product and a fifth of total government spending, second only to defence. And, he makes clear, there is plenty more where that came from. "We have no problem getting money, providing we can show a case for it. If we need a bigger share of GDP, I'm pretty confident the government will provide it."

As his comments imply, Singapore worships at the shrine of education. Although schooling is not legally compulsory, in a country where the attendance rate nudges 100 per cent, it scarcely needs to be. Almost two thirds of school leavers go on to obtain a university or polytechnic degree, one of the highest proportions in Asia.

However, this is a religion with a distinctly worldly purpose. It is dedicated explicitly to nurturing the resources required for continued expansion of national economic output.

Mr Er, asked about his philosophy of education, gives a reply which seems more suited to a plant manager than to a pedagogue. His priorities, he says, are set by the country's department of trade and industry: "We have to produce the products which fit into the department's system."

The result is an education machine which is strongly biased at all levels in favour of scientific, technical and business skills.

Computer training begins at the age of four and Mr Er's ministry is investing S$750m to equip every school with a computer room and language laboratory. More than three quarters of all university students major in engineering, science, business administration or accounting.

And education does not end with full-time schooling. Companies are required by law to pay 2 per cent of turnover into a special fund, on which they may draw to finance employee re-training. Teachers, whose pay is pegged to that of civil service engineers, do an average of three weeks' in-service training a year.

As a result, even the least talented school-leavers are equipped with a set of basic skills, and the more able are highly numerate and technically adept. Many companies

Feeling the pressure: many parents voice concerns about the competitive nature of schooling David Hayes

Education is geared to expanding economic output

A means to an end

operating in Singapore say this produces workforces which are not only professionally well-qualified and dependable, but extremely adaptable.

So much so that Apple Computer, for instance, is able to rely on temporary staff to fill half the 2,000 jobs at its Singapore plant, adjusting the numbers at short notice in line with demand. The company

Even the least talented school-leavers are equipped with a set of basic skills

also moves permanent employees between jobs every two to three years. Indeed, it says it has to, to fulfil their career ambitions.

However, impressive as Singapore's education and training record is, it is not flawless. The most frequent complaint from companies is a chronic shortage of capable senior managers, ready to take risks, exercise initiative and shoulder a broad range of responsibilities.

As a consequence, experienced local managers can virtually name their own price. Mr Nobu Watanabe, who is in charge of Sony's operations in Singapore, says higher-level salaries far exceed those at the company's UK operations, which he previously headed.

Companies have responded to the challenge in different ways. Some, with government approval, have imported managers from other countries. Others, such as Motorola, say they have simply got by with much leaner management teams than at home.

Sony, by contrast, has embarked on an ambitious 10-year programme to groom its own local top management. However, Mr Watanabe says he fully expects half of them to leave the company and he will treat the investment incurred as a *pro bono* contribution to Singapore's economy.

The scarcity may simply reflect the fact that Singapore is still too young a country to have produced many experienced home-grown managers. However, some critics blame the education system's heavy emphasis on technical proficiency and learning by rote.

"It is very rigorous," says Mr Liew Mun Long, managing director of L&M, a leading construction group. "Engineers in the US and Britain have a much broader outlook. Even in business schools, the approach is very textbook-based. If we want engineers to develop into managers in mid-career, the system must open up a bit."

That argument points to a larger, longer-term question, which is starting to provoke a low-key debate. How conducive are the highly practical disciplines instilled by Singapore's education system to genuine innovation and creativity? Could the country ever aspire, for example, to produce a Nobel prize winner?

Mr Philip Yeo, chairman of the Economic Development Board which manages national industrial strategy, gives a blunt answer: "I don't see that day coming. Nobel prizes don't create jobs. Some people call us Singaporeans pure economic creatures, and they are right. We don't believe in woolly stuff, but in what we can get for our money."

Some younger technocrats are less sure, however. They point out that the country's industrial dynamic is propelling it towards more sophisticated information-based service businesses and wonder how effectively a skill base heavily oriented towards precision engineering will cope with these less tangible challenges.

The final uncertainty is about the longer-term social implications of the education system. Many parents express concerns that its pressure-cooker atmosphere and increasingly competitive nature are imposing heavy strains on their children.

Some also think the system, in which students are streamed by ability at an early age, is in danger of becoming too stratified. Mr Er says there is flexibility for children to move between streams, but also concedes that some individual schools enjoy an elite status. However, he says, this has been the case for many years.

Guy de Jonquières

An oversupply of outlets is threatening retailers' profitability

Shoppers spoilt for choice

Singaporeans proudly proclaim the work ethic and the relentless quest for economic self-improvement to be their bedrock national values. Yet the casual stroller down Orchard Road, centre of Singapore's prime retailing district, might conclude that what really makes the country tick is shopping.

The teeming boulevard is a showcase of affluent consumerism crammed with labyrinthine shopping complexes, designer boutiques and department stores offering everything from Paris fashions to cameras and computers.

Towering above it all is the twin-towered Ngee Ann City, which opened last autumn. A gleaming pink marble palace, it houses a massive 66,000 sq m of retail space, more than half of it occupied by Takashimaya, a Japanese up-market department store.

But first impressions are deceptive. Passionate as Singaporeans may be about acquiring the good things of life, their capacity to spend is being outstripped by the number of retailers stampeding to supply them.

While the country's total retail space, at about 7 sq ft per head, is low by western standards, it is growing at breakneck speed. On current plans, it is estimated that it will rise by more than 40 per cent between 1993 and 1996. Takashimaya is only the latest and grandest foreign-owned outlet to open on Orchard Road. It follows recent department store openings by other Japanese chains, including Isetan, Sogo, Tokyu and Yaohan. Lavish stores are planned by Seiyo, also of Japan, and Lane Crawford of Hong Kong.

This expansion coincides with two other ominous trends. One is that foreign visitors, long an important source of custom, have trimmed back spending as the country's appreciating currency has eliminated its former bargain-basement appeal. Many retail prices today are at least as high as in London.

Simultaneously, Orchard Road's long-standing pole position is threatened by an accelerating shift in retail trade to the suburbs prompted by lower rental costs and government moves to encourage more modern shopping facilities closer to the public housing estates which ring the city.

The result has been a savage squeeze on retailers' margins. In the second half of last year only one department store group, Robinson's, reported a profit. With further new capacity still to hit the market, conditions seem unlikely to improve soon. "A big shake-out is on the way," says Mr Alex Hill, managing editor of Asian Retailer, a Singapore-based industry publication. "I would be very worried if I were a retailer just entering this market. It will take years of losses to get established."

Mr Hitoshi Hanehira, Takashimaya's local managing director, professes not to be concerned. Though his store will take at least 10 years to return an overall profit, he claims it has captured 25 per cent of total department store sales, thanks to its wide range of goods and novel attractions such as a health club, art gallery and exhibition centre.

However, he admits Takashimaya's success will be at the expense of other, smaller retailers. "Department stores of only 10,000 sq m will be unable to compete," he says. Indeed, Tokyu has already been forced to abandon its original store for cheaper premises and a less luxurious format.

Several indigenous Singaporean retailing groups are responding by seeking to expand in other parts of Asia, notably in China, although it is too early to judge how well the tactic will succeed.

But there is also a brighter side to Singapore retailing. It lies in the rapid growth of supermarkets, spurred by more sophisticated consumer tastes and the steady contraction of the country's traditional covered food markets, which are increasingly circumscribed by stricter hygiene rules.

The best supermarkets offer a wide range of branded products, attractively displayed in modern surroundings. "They are as good as any in the world," says Mr John Deuchars of Davids Holdings, an Australian distribution and wholesaling company which recently set up in Singapore.

However, the supermarkets' development remains dogged by primitive and costly distribution methods, which involve irregular deliveries of individual products in small quantities by different suppliers.

"Singapore has the most inefficient distribution system of any country I know," says Mr Chris Nelson, head of Asian operations at Dairy Farm, the Hong Kong-based retail group which recently acquired Singapore's Cold Storage supermarket chain.

Davids aims to change all that. In partnership with NTUC Fairprice, the country's biggest grocery chain, it plans to centralise distribution and deliveries and replace paper work with electronic billing and ordering systems. It reckons it can almost halve supermarkets' stock and save them 4 percentage points of gross margin.

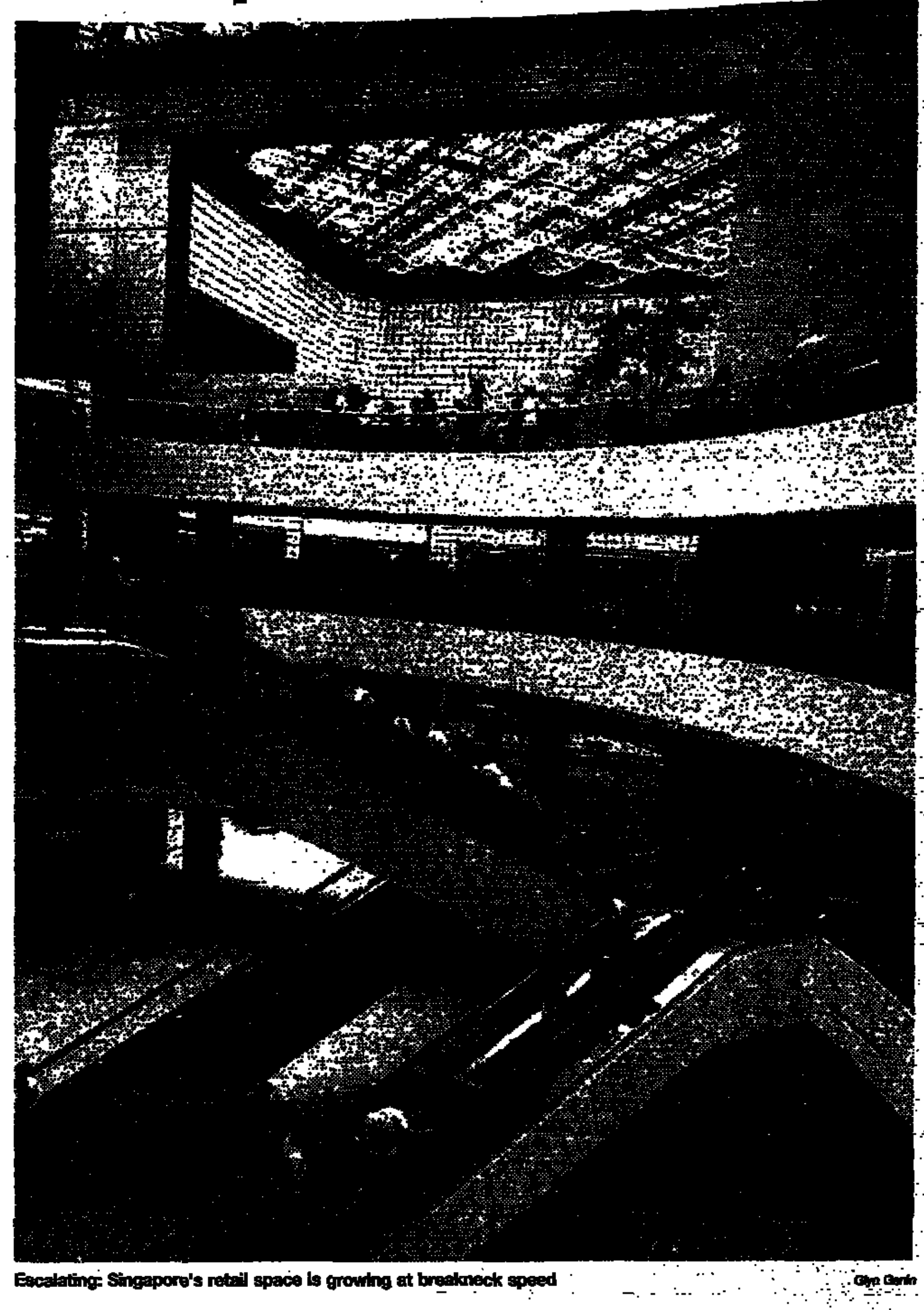
Consumers should also benefit in time from keener prices. These have been kept high by Singapore's long-standing tradition of exclusive agents, which use their monopoly over the supply of many imports to cream off big profits.

Changing the system, a British colonial relic, may prove politically controversial. But the Singapore government, which once fiercely defended the interests of small merchants and shopkeepers, appears increasingly to accept the case for modernising distribution.

Further impetus is likely to come from the growth of discounting. Yaohan of Japan has already set up a vast American-style suburban merchandise mart, which claims to undercut city-centre prices by 10-15 per cent, while Kmart and other US discount chains are considering setting up local operations.

These developments all point to further rapid changes in Singaporean retailing in the next few years. But while new growth opportunities are likely to emerge, fiercer competition in all parts of the business is likely to make fat margins and easy profits a thing of the past. But then, that is increasingly the industry pattern in many other parts of the world.

Guy de Jonquières



Escalating: Singapore's retail space is growing at breakneck speed Glyn Genin

Quest to be in the first league

Continued from page one:

more fiercely for manufacturing investment.

Manufacturing capacity cannot simply be shifted to cheaper countries as Japan, South Korea, Taiwan and Hong Kong have done, because Singapore lacks the home-grown companies to do this. Instead, it has opted to play to its strengths: infrastructure, efficiency and marketing. It has gone into the industrial parks business.

Singapore has built an industrial park nearby at Batam island in Indonesia. It is doing the same at Bangalore in India - visited recently by Mr Goh - and has even more ambitious plans for new towns in China - to which Mr Lee has led several visits.

The hope must be that foreign companies will sign up for new plants in other countries because they feel they will get treated as though they were in Singapore: that is, with sure and speedy supply of essential infrastructure, services and manpower.

In spite of Mr Lee's exhortation to take more risk, the foreign push is carefully controlled. The government is prepared to invest up to a third of its S$78bn foreign exchange reserves, but the Economic Development Board insists that every project must have a direct economic benefit to Singapore - by which it means skilled jobs.

Mr Philip Yeo, EDB chairman, asserts vehemently that Singapore will not become "Father Christmas" to the rest of Asia. But with the "external wing" policy still in early days, the government's principal focus remains in ensuring economic progress at home, where it has a number of concerns:

- Singapore sees no economic security in leaving manufacturing to cheaper countries in favour of becoming purely an international services "hub". Therefore, it must continue to attract investment in manufacturing with the skills and value-added appropriate to its high costs. This means moving up the technology curve in the knowledge that products such as computer disc drives, of which half the world's production is in Singapore, rapidly become obsolete.

The latest hope in this direction is an EDB joint venture with foreign companies to produce semiconductor chips. Foreign manufacturers are prepared to accept Singapore's high costs because it is close to the markets for their products; is stable and efficient; has manpower of sufficient skill; and is an open economy.

- Education is a primary concern, with skill levels well below those of other newly-industrialised countries. The government is willing to borrow talent - recent EDB advertisements in Indian newspapers for skilled professionals attracted 18,000 responses.
- The ageing of the population is the latest worry. The government takes a dim view of spending money on old peoples' homes. Welfare policies "take away the responsibility of people for their own welfare, with detrimental consequences for the family, state coffers and the competitiveness of the economy," according to a recent editorial in the Straits Times, which normally reflects the official view. The government has therefore launched a drive to promote "family values" which include filial piety - supporting parents in their old age.

Behind the "family values" campaign, however, lies a deeper fear: that Singapore's growing wealth will lead both to complacency among the young and to greater demands for western-style liberty of the individual.

The government fears that this, in turn, would lead to the

Singapore remains keenly aware of its need for close and friendly relations with the US

decay which it sees in western society: sexual promiscuity, single parents, drugs, violence. In its view, if Singapore succumbed to these problems, it would be lost.

There is thus a defensive element in the growing role of prominent Singaporeans in promoting "Asian values", of which the essence is giving general economic well-being a higher priority than individual liberty.

Mr Kishore Mahbubani, a senior foreign ministry official, writes in a recent paper that until recently, Asians and Americans both assumed that the US had discovered the secret of achieving a well-ordered society and that Asians would emulate the political and economic arrangements of the US. But he says: "The US ... does not appear to be a well-ordered society today."

Urban Americans living in "little fortresses," frightened to go out at night, find their personal freedom considerably reduced. This reduction, Mr Mahbubani says, is the result of a "mindless ideology" under which the freedom of a small number of individuals is not constrained - for example, through detention without trial - "even if to do so would enhance the freedom of the majority."

Americans visiting east Asia, he says, "will come to realise that their society has swung too much in one direction: liberating the individual while imprisoning society."

But Singapore remains keenly aware of its need for close and friendly relations with the US.

As a small nation in a region fraught with bilateral rivalries, it wants Washington to remain the balancing wheel of regional security. As an open trading economy, it needs the US to keep up pressure for reduction of trade barriers. Most importantly, the US remains the largest export market and the largest investor in Singapore.

Hence Singapore's enthusiastic support for Asia-Pacific Economic Co-operation, the 18-member grouping whose new secretariat has been established at the government's expense in Singapore.

Challenges to western faith in democracy reflect growing confidence resulting from economic success. Singapore's aim in the coming years will be to maintain the competitiveness and strong economic fundamentals which have put it in a position to question western social and political values.

Japanese warning on recovery

By William Dawkins in Tokyo

Mr Hirohisa Fujii, Japan's finance minister, yesterday warned that the country's recession had not bottomed out, challenging the mild optimism shown recently by the central bank and many private-sector economists.

The current political upheavals might dampen public confidence at a "delicate stage" in the economic cycle, said Mr Fujii, commenting on the latest monthly report by the government's Economic Planning Agency.

Personal spending showed a slight recovery last month, and housing starts continued to climb, according to the EPA's report.

However, industrial production, representing nearly a third of Japan's gross domestic product, was "lacklustre" despite progress in reducing stocks of unsold goods. Output has been falling for nearly 2¼ years. Company earnings, in their fourth year of decline, remain weak, said the agency.

Ms Manae Kubota, EPA director general, was slightly less gloomy about her agency's report than Mr Fujii.

"If there is not a big stumble, the economy is headed in a good direction," she said, citing as one risk a delay in public works investment caused by the present political chaos.

This contrasts with the view of Mr Yasushi Mieno, governor of the Bank of Japan, and shared by many private sector economists, that the recession is near the trough and that the conditions for recovery are in place. The consensus forecast is for a very gentle upturn, to 0.3 per cent growth in gross domestic product this year, after last year's 0.1 per cent rise in GDP.

Capital investment by industry continues to fall, suggest the latest weak orders for machinery.

The private sector spent 8.9 per cent less on industrial machinery in February than the same month in the previous year, and 7.3 per cent down from January.

Product liability bill endorsed

A better deal for Japan's consumers

By Michiyo Nakamoto in Tokyo

The Japanese government yesterday endorsed a product liability bill, offering consumers improved protection against defective products. The move follows nearly 20 years of debate.

Ms Manae Kubota, director general of the Economic Planning Agency, hailed the bill as marking "a big turning point" for consumers and "the biggest reform effort for upgrading people's livelihood" under the current cabinet. However, the bill has been criticised by lawyers and consumer groups as inadequate.

Under the bill companies are only liable for 10 years after the products are sold.

Companies are also exempted if they can show that the defect could not have been foreseen even with up-to-date technology at the time of sale.

The bill, which is being introduced in parliament, could be implemented by the middle of 1995.

A Buddhist monk confronts riot police in the temple headquarters of the Chogye order in Seoul yesterday AP

Korean religious dispute simmers

By John Burton in Seoul

The South Korean government said yesterday that it would not intervene to settle a violent dispute affecting the country's main Buddhist sect. Hundreds of riot police occupied the temple headquarters of the Chogye order for a second day to prevent a new bout of fighting between conservative and reformist monks.

Clashes at the temple in central Seoul on Sunday night left 38 people injured and resulted in the arrest of 140 monks after the reformers tried to storm the administration building.

The affair has placed the government of President Kim Young Sam in an awkward position because of allegations that the conservative Chogye order leadership diverted $1m in religious donations to help finance Mr Kim's 1992 presidential election campaign.

The government also fears alienating the Chogye order, which wields considerable political influence among voters.

The reformist monks are trying to turn the issue into an anti-government campaign, claiming that the use of the riot police represented official support for the Rev Suh Eui Hyum, the order's conservative administrative head.

The dispute stems from the reformist monks' opposition to the Rev Suh's re-election last week for a third consecutive term.

The government said the riot police were deployed to end the violence and they would be withdrawn from the Chogye temple if the two factions agreed to a truce.

Recession in west unlikely to dampen eastern boom, says bank

Asia set in economic fast lane

By Alexander Nicoll, Asia Editor

Asia's economic boom is set to continue over the next two years although China remains at risk from overheating and India needs to enact further far-reaching reforms, the Asian Development Bank said yesterday.

The annual Asian Development Outlook published by the Manila-based institution forecast robust growth for Asia even though recovery in the industrialised world, the market for many Asian exports, was expected to be slow.

Growth was expected to be strong in all the main east and south-east Asian economies outside Japan. Even the Philippines, the laggard of recent years, is forecast to accelerate substantially. South Asia is also likely to see healthy though unspectacular expansion.

Overall, Asia's developing countries are expected to grow 7.2 per cent in each of 1994 and 1995 – compared with the bank's estimate for world growth of 1.8 per cent this year and 3 per cent in 1995. Last year the figures were 7.4 per cent for Asia and 0.6 per cent for the world.

HOW ASIA MAY GROW
Real GDP % change

Country	1993	1994	1995
China	13.4	10.0	9.0
Hong Kong	5.5	5.7	5.9
South Korea	4.7	6.7	7.0
Taiwan	6.2	6.4	6.6
Indonesia	6.5	6.7	7.0
Malaysia	8.0	8.6	8.4
Philippines	1.7	4.0	5.5
Singapore	9.9	7.0	6.0
Thailand	7.8	8.2	8.5
Vietnam	8.0	9.0	10.0
India	3.8	4.8	5.5
Bangladesh	4.5	5.0	5.5
Pakistan	3.0	5.5	6.5
Sri Lanka	6.1	5.9	5.5

Source: Asian Development Bank

China, which has seen 13 per cent growth in each of the past two years, is forecast to slow to 10 per cent this year and 9 per cent in 1995. But the ADB warned: "For the next two years, money supply and bank credit should be tightly controlled to help prevent economic overheating." Failure to prevent overheating could seriously undermine financial sector reforms now under way, it said.

The ADB saw potential for rapid growth in India, which has also undertaken sweeping economic reform. However, it called for faster progress on tax and subsidies, restructuring of the public sector and policy on closure of lossmaking companies.

"The prospects for the Indian economy will depend on its success in accomplishing a range of far-reaching and politically sensitive changes," it said.

The bank forecast a resurgence of growth in South Korea and Taiwan and sustained rapid expansion in south-east Asia.

However, the bank noted that poverty remained a serious problem in many Asian countries.

It also warned that Aids was a growing threat to the region, with India and Thailand each feared likely to have 1m people infected with the HIV virus by the end of the century.

Oil market's eastern promise

By Robert Corzine

World consumption of energy in 2010 will be about 50 per cent higher than in 1991 because of strong economic growth in China and elsewhere in Asia, according to a report published yesterday.

The study of world energy trends by the International Energy Agency and the Organisation for Economic Co-operation and Development estimated that growth in energy demand outside the OECD area of industrialised countries would increase by an average of 4 per cent a year to 2010. That compares with overall worldwide growth of 2.1 per cent.

The report says an estimated 70 per cent increase in world gross domestic product in the period will be the main cause of rising energy demand.

In the OECD energy demand would rise 28 per cent, but oil consumption would increase only 18 per cent because industry and power generators are switching to other fuels. Even so, dependence on imported oil, mainly from the Organisation of Petroleum Exporting Countries, would increase from 58 per cent in 1991 to 70 per cent in 2010 with a long-term decline in OECD oil output.

Oil demand in the rest of the world would rise by 3.8 per cent a year, or by about 1m barrels a day per year. By 2010 it could reach 38m b/d, some 20m b/d more than in 1991. The report says the big Opec oil producers in the Middle East and Venezuela would have to double their production over the next 16 years to meet the projected demand.

Consumption of natural gas, widely seen as the most environmentally acceptable of the fossil fuels, will grow by 2.1 per cent a year in the OECD and by 5.6 per cent elsewhere. World coal demand is forecast to grow by 2.1 per cent a year, with China accounting for much of the rise.

The report warns that the projected growth in worldwide energy demand implies a 50 per cent increase in carbon dioxide emissions by 2010. Emissions in non-OECD countries would double.

Electricity is seen as the fastest-growing form of final energy demand, with average per capita consumption expected to double in the non-OECD area. In Asia that would mean a jump in power generation capacity to 285 gigawatts in 2010 from less than 100 gigawatts in 1990.

Sri Lanka records faster growth

Sri Lanka's economy grew 6.7 per cent in 1993 compared with 5.8 per cent in 1992, according to Mr H.B. Dissanayake, central bank governor, Reuter reports from Colombo.

"There was a significant growth in the manufacturing, industrial and service sectors. Tourism went up and construction grew," he said. The upward trend would go on as long as market-oriented policies were continued.

He said both direct foreign investment and portfolio investment had increased considerably in 1993. Inflation was now at 11-12 per cent, down from 20 per cent a few years ago. The authorities say inflation will remain high as long as the country needs to spend large amounts on security and defence.

Sri Lanka spends around SRs20bn ($408m) each year to fight Tamil separatist rebels who are trying to carve out a state for the minority Tamil community in the north and east. Tamil separatist rebels have denied involvement in bomb attacks on tourist hotels in the capital Colombo last week. Tamils said the denial by the main rebel group, the Liberation Tigers of Tamil Eelam, was carried on rebel radio on Sunday.

European voters in race to register

By Kevin Brown, Political Correspondent

Time is running out for about 400,000 non-British citizens of the European Union living in the UK to register to vote in the European parliament elections on June 9.

The initial round of registrations with local government returning officers closed on March 29, but the Home Office says applications will be considered up to April 22.

However, there are fears that many potential voters may not be aware that the controversial Maastricht treaty on European Union extended the right to vote to EU citizens living outside their home country.

The Home Office took no *steps to publicise voting rights* until February 28, when it issued a press notice to newspapers.

The notice was followed in early March by a further press release and an article for regional newspapers written by Home Office minister Mr Peter Lloyd.

The Home office says these were "appropriate steps" to publicise the new franchise, which was finally agreed by the Council of Ministers in December last year.

"This left us only a very short time to bring forward legislation to give effect here to the new voting rights. Nevertheless we were able to make new regulations with a minimum of delay," the Home Office says.

The extension of the franchise was intended to increase the importance of the European parliament by giving voting rights to an estimated 5m EU citizens living outside their country of citizenship, including 400,000 Britons.

Not all citizens of the 12 member states are included, however.

The Home Office says that the Queen has no right to vote, in spite of claims by Eurosceptic MPs that the Maastricht treaty made her an EU citizen.

LANCER BOSS RECEIVERSHIP

Jungheinrich wants all of UK rival

By Andrew Baxter

Jungheinrich, the lift truck producer based in Hamburg, which is at the centre of the row over the receivership of Lancer Boss, said yesterday it wants to buy both the English *and German parts of its* smaller UK-based rival.

In a statement clarifying the company's position, Jungheinrich said it was reiterating its interest in the English part of the Lancer Boss Group and would shortly hold discussions with UK receivers Grant Thornton. The latest twist in the saga of the Lancer Boss receivership puts the big German company in a strong position to buy the last big UK-owned producer of lift trucks.

It could also defuse the row over the alleged "stitch-up" of Lancer Boss by German banks, as the rump of the UK group *would be preserved. Jungheinrich* has already made contact with the administrator of Steinbock Boss, from which German banks withdrew their support last week, prompting the UK receivership.

Mr Klaus Schenk, managing director of Manchester-based Jungheinrich (GB), said it was "very much likely" that manufacturing at Lancer Boss' UK sites would be preserved if it bought Lancer Boss.

He said the German company had been negotiating a takeover of the entire Lancer Boss group for months. But the German banking group for *Steinbock Boss lost patience* with the slow progress of negotiations, he said, and withdrew their banking facilities from the struggling German unit.

Mr Schenk would not say why the negotiations became bogged down, but observers believe Sir Neville Bowman-Shaw, joint-owner and chairman before receivership of the UK company, may have been holding out on price.

Mr Schenk admitted that Jungheinrich's statement on Monday, in which it referred only to negotiations over the future of Steinbock Boss, may have created "slightly the *wrong impression.*" In fact, he said, Jungheinrich only considered a bid for Steinbock Boss alone after the Moosburg-based company was put into administration on Friday.

Jungheinrich will be restarting negotiations over the UK side of Lancer Boss shortly, and Mr Allan Griffiths – the Grant Thornton partner who with his colleague Mr Scott Barnes is administrative receiver for Lancer Boss in the UK – was in contact with Hamburg last night.

Jungheinrich will effectively be conducting twin negotiations with the German administrator and the UK receivers. Such an arrangement could prove attractive for Grant Thornton, as Mr Griffiths said on Monday that Lancer Boss was worth more if the UK and German sides were sold together. A combination of Jungheinrich and Lancer Boss would create a group with sales of about DM1.9bn.

Receiver also acts as auditor to subsidiary

By Andrew Jack

Grant Thornton, the accountancy firm from which partners are acting as receivers to Lancer Boss, the fork lift truck manufacturer, is also auditor to one of the group's subsidiaries.

The appointment could be perceived as giving rise to a conflict of interest, although the firm said it had received its professional body's blessing for the action.

Mr Allan Griffiths and Mr Scott Barnes of Grant Thornton were appointed last Friday as administrative receivers to Lancer Boss Group, the UK holding company.

But accounts lodged with Companies House show that Grant Thornton is auditor to Toddington Manor Farms, the ultimate parent company of which is Lancer Boss Group.

Mr Griffiths said yesterday the existence of the audit appointment had been discovered "at the last minute" and to have appointed another firm would have delayed action when there was tight time pressure.

He said he had anticipated the conflict "might blow up" as a result of the appointment and had cleared it with the Institute of Chartered Accountants in England and Wales.

"I'm quite happy about it. It is minor compared to the whole group which has a turnover of £200,000," he said.

However, speaking in general about the principle of a receiver acting on a group when the firm audits a subsidiary, Mr Jack Maurice, head of the professional ethics department at the Institute, said: "It potentially raises an issue which a firm could be asked to justify."

The professional insolvency ethical guidelines state that there may be – or appear to be – a potential conflict of interest for a receiver if there is already a "material professional relationship" with the client.

A material relationship includes existing audit work for the client company over the last three years, or the audit by the firm of entities controlled by the client. According to the accounts, Grant Thornton's Bedford office charged £2,000 for the audit of the business, which made a loss of £25,000 in the year to March 31 1992 on a turnover of £210,000.

All the ordinary and preference shares are held by Lancer Boss group except for a single ordinary share held by Sir Neville Bowman-Shaw, chairman of Lancer Boss. National Westminster Bank secured a floating charge over farm equipment owned by the company in March 1993 against loans to Boss Trucks, another subsidiary.

Former official urges shake-up for telecoms

By Andrew Adonis

A break-up of British Telecommunications and radical reform of the structure of telecommunications regulation is needed to improve telecoms services in the UK, according to a senior government official responsible for the privatisation of BT in 1984.

Mr Ian Ellison, who as a civil servant at the UK Department of Trade and Industry was responsible for the passage of the 1984 Telecommunications Act which privatised BT, said telecoms prices remained too high and competition too weak.

Addressing an FT-sponsored conference in London, he said: "telecoms charges here are significantly higher than in France, Benelux and Scandinavia. Competition, privatisation and price controls have not driven down prices to the same extent as in other non-privatised jurisdictions."

Mr Ellison, now an independent consultant, said the structure created by the 1984 act had been necessary to get privatisation under way, but should have been overhauled when the post-privatisation duopoly between BT and Mercury was abolished in 1991.

He was particularly critical of Oftel, the *industry regulator,* accusing it of failing to monitor BT adequately and calling for an expanded role for the Office of Fair Trading and improved opportunities for legal redress for competitors to BT.

Mr Bruce Bond, director of BT's national business communications division, told the conference that competition had played a vital role in improving BT's performance.

"In areas where people choose to compete with us, they do quite well," he said, noting that BT now carried a minority of traffic from the City of London and had lost 30 per cent of the international direct-dialled market to competitors.

Ms Maeve Sullivan, Mercury's director of strategy, said the current regulatory regime was hampering effective competition by obliging competitors to BT to pay for routing their calls across BT's network on the basis of BT's own retail prices.

Major's Tories may be kept on the edge of their seats

David Owen on how the European elections could determine the prime minister's future

They will mark the end of the government's ordeal by ballot box. And they will probably have the greatest bearing on whether the prime minister keeps his job. More than next month's local elections and the smattering of coming by-elections, it is the European elections on June 9 that are making Mr John Major and the governing Conservative party apprehensive.

If the results are bad enough – and some are predicting substantial Liberal Democrat and Labour inroads into the Tories' remaining 32 seats of the 87 – the pressure on Mr Major to go by the autumn, if not sooner, could be irresistible.

Some observers put the prime minister's survival threshold as high as 20 seats. Most believe he would be hard-pressed to stay if the tally fell below 15 – only a third of the total won by the party in 1984.

With turnout traditionally low, much will depend on the leading parties' ability to coax their supporters into the polling booths.

Such are the government's current difficulties that the opposition parties will almost certainly try to cast the election as a national referendum on its overall performance.

It is equally likely that the Conservatives will respond by encouraging voters to focus on Europe-related issues.

The trouble with this strategy is that it could provoke another damaging outbreak of the internecine warfare over Europe that has plagued the party under Mr Major's premiership and which flared up again in response to the recent row over European Union voting rights.

An insight into how campaign managers will attempt to apply a veneer of unity came at the end of last month in a letter to Conservative MPs and MEPs from Mr Douglas Hurd, the foreign secretary.

This spoke of a campaign stressing both the importance of the European parliament and the party's commitment to national sovereignty within a decentralised, free-trading Europe.

It will be a delicate balance to strike – especially if the share of the vote which the party achieves in the local elections augurs badly for its European election performance and dents morale.

In 1989 the party secured 34.7 per cent of the vote – far above recent opinion-poll ratings – compared with 40 per cent for Labour which won 45 seats. The combined share of the Liberal Democrats and the SDP was less than 7 per cent. The Green party, enjoying its brief spell in the electoral limelight, polled 15 per cent of the vote.

Opinion poll evidence suggests the Liberal Democrats may emerge as the biggest victors, winning anything up to a dozen seats in a swathe of England running from Cornwall to Hampshire – site of the Eastleigh by-election. That would be a devastating blow to Tory morale in the south.

Tory strategists will be noting nervously that the Greens took as much as a quarter of the vote last time in Sussex West, and 23 per cent in the Cotswolds, Hereford & Worcester and Somerset. Precious little of that surprisingly heavy environmental protest vote is likely to come the Conservatives' way four years later. The Lib Dems may also pick up a seat in Scotland.

Labour could make about six gains, although the target seats are more difficult to identify because of the effect of boundary changes. The party has high hopes of picking up seats in north-west England and possibly the east Midlands. The battle in London and the south-east will also be of crucial importance.

In Northern Ireland – the only part of the UK where first-past-the-post does not apply – the Rev Ian Paisley, leader of the hardline Democratic Unionist party, has already served notice of his intention to turn the poll into a referendum on the Downing Street declaration.

Most interest will focus on what difference this makes to his share of the vote, which reached 34 per cent in 1989, versus 22 per cent for both the mainly Catholic Social Democratic and Labour party and the Ulster Unionists, 13 per cent for Sinn Féin and 5 per cent for the non-sectarian Alliance party. Turnout tends to be much higher than elsewhere in the UK. The system used is a single transferable vote in one solitary constituency electing three MEPs.

Tighter code planned for video 'nasties'

By Ivor Owen and Kevin Brown

Faced with almost certain defeat in the Commons, Mr Michael Howard, the home secretary, was yesterday forced to agree to introduce tighter restrictions on the circulation of so-called video "nasties" glorifying crime and violence.

Breaches of the new law, to be included in the criminal justice and public order bill, could involve fines up to £20,000 and/or a prison term of up to two years.

Mr Howard was involved in a day of frenzied political bargaining as some 80 Conservative backbenchers joined about 170 other MPs in supporting a move by Mr David Alton, the Liberal Democrat MP, to strengthen the existing law.

Mr Alton had sought to prevent the hiring for home viewing of videos which might cause psychological harm to a child by seeking to insert a new provision in the bill. This was originally dismissed as "unworkable" by the home secretary, but he was forced to change his ground as support for the demand for tougher penalties spread across party lines in the Commons.

Sir Ivan Lawrence QC, the Tory MP who chairs the cross-party home affairs committee, and other prominent government backbenchers joined Mr Tony Blair, Labour's shadow home secretary, in signalling support for Mr Alton.

Mr Howard was left in no doubt by the government's business managers that he would have to give ground. He then promised to introduce a new provision in the bill incorporating the criteria advocated by Mr Alton.

As a result, the British Board of Film Classifications will be under a statutory duty to take account of the likelihood of psychological harm being caused to children when deciding which age groups should be given access to videos for home viewing. The penalty for allowing access to videos outside the permitted age category will be increased to include a fine of £5,000 and/or a term of imprisonment of up to six months.

Those who distribute "pirate" videos unable to satisfy any of the approved age categories will face fines of up to £20,000 and/or a prison sentence of up to two years.

Mr Howard's climbdown was approved by a group of senior ministers at Downing Street, including Mr John Major, the prime minister; Mr Richard Ryder, chief whip; Mr Tony Newton, leader of the Commons; and Lord Wakeham, chairman of the cabinet home affairs committee.

Some Conservative MPs said Mr Howard had mishandled the video issue by failing to appreciate the strength of feeling on the backbenches until it was almost too late.

Governments to 'press ahead' over Ulster

By Tim Coone and Michael Cassell

The British and Irish governments might be prepared to go over the heads of Northern Ireland's political parties to draw up new political arrangements and structures affecting the province, Irish prime minister Mr Albert Reynolds claimed yesterday.

In remarks intended to drive home London and Dublin's determination to maintain the momentum behind the peace process but which may cause some consternation among unionists, Mr Reynolds told the Dail that the governments were pressing ahead with drafting a new "framework document" to provide the focus for renewed talks in the province "as and when the parties are ready to resume".

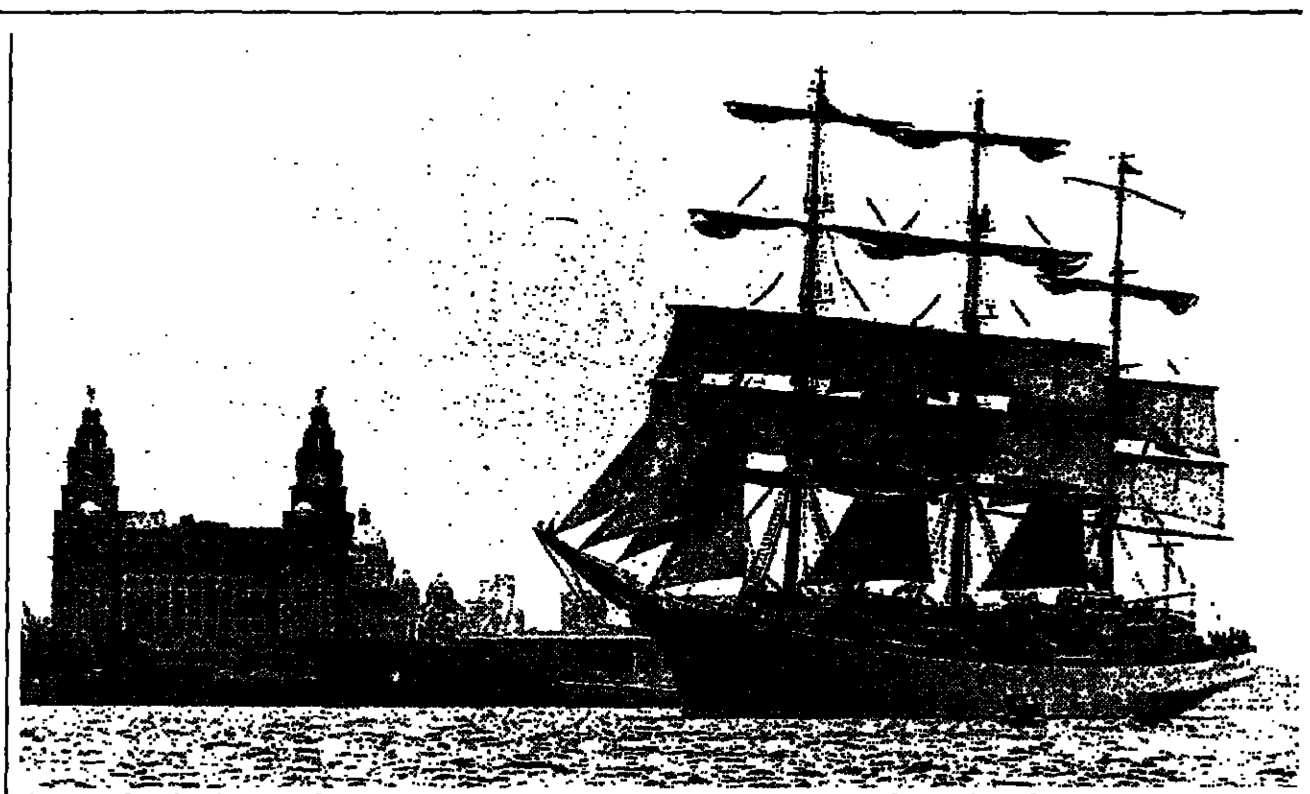
But he emphasised the two governments agreed that "no party", whether unionist or republican, would be allowed to block progress towards a political solution. Asked if this meant the two governments might "go over the heads" of the province's parties in their efforts to seek a settlement, Mr Reynolds acknowledged: "It may well arrive at that situation, although it would be preferable to have the agreement of the parties".

The Northern Ireland Office last night offered no comment on Mr Reynolds's remarks although officials emphasised that the British government remained adamant there could be no imposed solutions. The entire basis of the Downing Street declaration, they stressed, was the desire to achieve agreement on Ulster's future and current bilateral talks with the parties would progress on that basis.

The Anglo-Irish framework document will seek to flesh out the Downing Street declaration by detailing the new north-south structures and institutions envisaged in the document and, according to Mr Reynolds yesterday, will also try to deal with "other issues".

Unionist leaders will be concerned that these "other issues" might signify that Dublin intends to have a say in the framing of new constitutional arrangements for Northern Ireland, to which both unionist parties are adamantly opposed.

Mr Reynolds said that, being "politically realistic", he did not expect the unionists to come to the negotiating table before the elections to the European parliament this June but he hoped that progress could be made during the summer. A "deep and yawning gap" between the British government and Sinn Féin, the political wing of the IRA, would also "have eventually to be bridged" he added.



Tall order for tall ships: Poland's Dar Mlodziezy on the Mersey with Liverpool's Liver Building in the background

Ships 'failed to win foreign investment'

By Ian Hamilton Fazey, Northern Correspondent

At least £695,000 of public funds have had to be used so far to subsidise the visit of the Columbus Grand Regatta tall ships to Merseyside in 1992 and an associated operatic concert attended by the King Juan Carlos and Queen Sofia of Spain as patrons.

According to a highly critical report by the National Audit Office published today, there was poor management, lack of financial controls and over-optimism – and the events had only marginal effect on the inward investment they were meant to encourage.

They were supposed to break even. Most of the blame falls on Merseyside Development Corporation, the government agency in charge of economic regeneration of the area which is centered on the city of Liverpool, which enthusiastically led support for both events.

The National Audit Office says the corporation and its local authority partners failed to recognise financial risks from the outset, particularly the uncertainties of the weather and obtaining sponsorship.

Instead both events had to be rescued by public funds. Advance ticket sales failed to materialise and contractors working on the concert threatened to leave work incomplete if they were not paid immediately.

The visit by the regatta – secured after a successful Tall Ships Race to the Liverpool International Garden festival in the balmy summer of 1984 – was meant to showcase the region to potential inward investors, several of whom were flown in from the US.

The corporation has already commissioned a report by KPMG Peat Marwick, the accountancy firm, on the benefits of the two events. This concluded Merseyside's image had been enhanced, with several million visitors spending £17.6m locally.

Britain in brief

Ryanair to fly to Dublin from Prestwick

Ryanair, the independent Irish airline, is to operate flights between Dublin and Glasgow using Prestwick, the privately-owned airport which has had no scheduled flights since 1991. The twice daily flights in each direction will be priced at substantially less than the Aer Lingus services between Dublin and Glasgow's Abbotsinch airport.

Prestwick was bought from BAA in April 1992 by a consortium of Ayrshire businessmen and local authorities, two years after the airport lost its monopoly on transatlantic flights from Scotland. Transatlantic services transferred to Abbotsinch.

Cross-channel drinks flow

Cross-channel shoppers brought home beer, wine and spirits worth about £1.036bn in UK High Street prices last year, a report by Whitbread said yesterday.

The report says the Treasury lost £470m in duties and value added tax through cross-channel personal imports of alcoholic drinks, almost double the amount foregone in 1992.

Almost 30 per cent of all beer purchases were bought in bulk and brought into the UK by van. Whitbread estimates that this practice has created a bootlegging trade representing £22m in profit in 1993.

Bank sues over lost £600,000

The Bank of England today sued three families who allegedly lived on up to £600,000 stolen from its note destruction depot. The High Court heard that one employee would stuff the notes in her clothes. The money was allegedly taken from locked cages.

BBC opens up foreign sales

The BBC has decided to open its international programme sales to market testing for the first time. Independent programme distributors will be able to pitch for the job of selling BBC programmes abroad, a role currently carried out by BBC Enterprises, the commercial arm of the corporation.

Scots recovery seen as patchy

Scotland is having a patchy economic recovery, according to the quarterly business survey by the Scottish chambers of commerce. The survey shows that business confidence rose during the period but at a slower rate than during the previous quarter.

Glasgow gets camera watch

Britain's biggest city-centre camera surveillance scheme will be operating in Glasgow within six months. More than 30 streets in the city will be scanned by 32 closed-circuit cameras under the £550,000 scheme, part-funded by business, which follows the success of others in Birmingham and Airdie, Lanarkshire. Organisers claim that cutting crime and wooing visitors could boost city centre business by up to £40m a year.

Anglo-Greek challenge

The company which bought Sunderland's last shipyard is challenging the British government's insistence that no ship building, conversion or repair work can resume there before January 1999.

Pallion Engineering, the Anglo-Greek company which took over the Pallion yard in 1991, is taking legal advice on the terms of the deal under which it acquired the site. The Commission's 10-year ban was imposed because the rescue package was intended to help diversify Wearside's economy while reducing European shipyard capacity through the closure of the last Sunderland yards.

BUSINESS AND THE ENVIRONMENT

Without radical reform of Superfund legislation in the US, the prospects for insurers are bleak. **Richard Lapper** reports

A freight train out of control

Pollution and asbestos claims could become a "black hole" for the US insurance industry unless big changes are made to the "Superfund" laws, A.M. Best, the US insurance and analysis and rating agency, warns.

But a new report* estimates that insurance companies will need to reserve $260bn (£180bn) in additional funds to meet their exposure to environmental and asbestos claims over the next 15 to 20 years.

To finance that bill, the insurance industry would need to set aside $132bn now (the present-day value of future payments before allowing for interest earnings), an amount equal to nearly three-quarters of its shareholders' funds – compared with some $12.5bn in reserves and an estimated $20bn paid out in claims so far.

"It is hard to overstate the potential extent of the environmental and asbestos liability problem for the insurance industry," says the report's author, John Snyder, a senior vice president at Best.

If most US court decisions go in favour of insurers, the amount needed to be set aside for the future could fall to $55bn, Best says. Equally, however, if court cases go against the industry, total reserves would need to rise to $623bn.

"Environmental liability, both Superfund liability and all other hazardous waste liability, represents the single largest threat to the property and casualty insurance industry's financial health for the next several decades," Snyder adds.

The amounts involved represent an increase on frequently cited figures prepared by Tillinghast, the actuarial and consultancy group, in 1990. Tillinghast estimated net liabilities for the insurance industry of between $37bn and $426bn over a similar time period.

Best says that while "enough consensus has developed in Washington on how to reform Superfund", under which the US federal government can order industry to clean up some 36,000 identified polluted sites, the report assumes that reforms are likely to be insufficient to help insurers.

If court cases go against the industry, reserves would need to rise to $623bn

Proposals unveiled by the Clinton administration in February envisage extensive amendment of the Superfund regime. They centre on a reduction of legal expenses – which account for about one-third of all Superfund-related costs – but do not propose any change to the "polluter pays" principle nor any modification of the principle of retroactive liability. The US Congress is hearing submissions on the issue, including alternative proposals put forward by an alliance linking sectors of the insurance and chemical industries.

Snyder does not rule out the prospect of reform but says that it "is not out of the question that nothing will happen" and that the Superfund legislation will be reauthorised later this year.

Without fundamental reform, however, the report makes clear that the prospects for insurers are bleak. "This is a freight train bearing down the tracks out of control. As time goes on it will become a bigger and bigger problem, threatening industry solvency," it says.

By the middle of last year, only about 1,270 of the most polluted sites had been placed on a "national priority list". Of these only 149 – or 11.7 per cent – had been cleaned up by September 1992. The cost of cleaning up each site is – on average – $31m.

According to Best, the EPA indicates that the number of priority sites will grow to 2,100 by 2000, although several independent observers believe the list could balloon to 10,000 or more over the next several decades.

"Just the clean-up cost of these sites could skyrocket to $50bn or $750bn, depending on the ultimate number of the sites to be cleaned and the stringency of the clean-up," says the report.

These estimates do not include the costs of litigation and other transactions, "the potentially enormous costs of bodily injury and property damage lawsuits and natural-resource damage claims".

The companies most vulnerable are those that underwrote comprehensive general liability (CGL) policies – which insure against legal awards to third parties – from the 1950s to the 1980s.

US courts have frequently ruled that companies ordered to clean up can claim on their CGL policies. US insurers introduced exclusion clauses on these policies in 1973, restricting coverage to "sudden and accidental" pollution. This was intended to remove coverage for gradual pollution caused, for example, by leakages. In 1985, the companies withdrew coverage for all pollution from CGL policies.

The report also paints a gloomy picture of the insurance industry's exposure to asbestos-related claims. It says that only 50 per cent of the total claims linked to asbestos – claims paid to victims of asbestosis, mesothelioma and other asbestos-related diseases – have so far emerged.

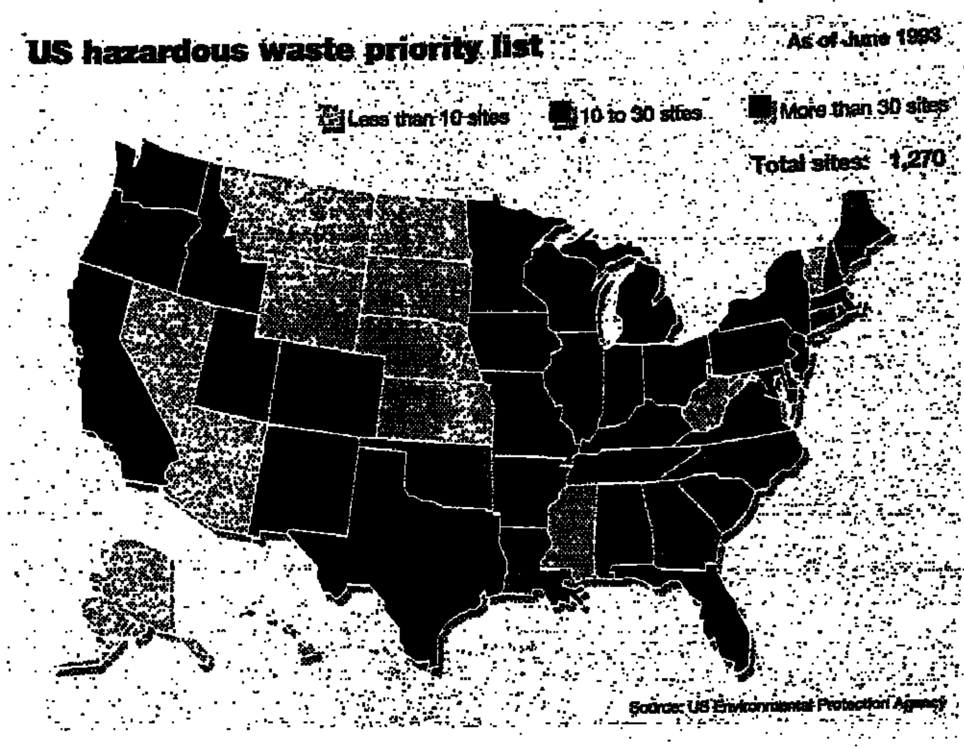
With new claims from workers suffering from asbestos-related diseases being filed at the rate of 50 to 60 a day, the agency estimates that insurers may ultimately need to add an extra $20bn to reserves, bringing the cost of asbestos liability, past and future, to $40bn.

In response to both sets of exposures, insurers have steadily increased the amounts paid into their reserves since 1990. The sum of $2.2bn was added during 1990, $2.6bn in 1991 and $3.6bn in 1992. The amount increased to $4.3bn in 1993, partially because of the introduction of new accounting rules which made it more difficult for most companies that actively underwrote CGL policies during the 1960s, 1970s, and 1980s to report zero liability for environmental claims in their annual accounts.

Best refuses to specify which insurers are most exposed, arguing that "determination requires greater analysis and discussions with company managements".

The agency insists on the need for extensive reform. "This problem has escalated beyond anyone's wildest expectations. It just can't be tinkered with and fine-tuned," says Snyder.

BestWeek Property/Casualty Supplement.' A Special Report Environmental/Asbestos Liability Exposures: A P/C Industry Black Hole. A.M. Best Company, Ambest Road, Oldwick, New Jersey 08858.



WORLDWIDE WASTE

Plan of gentle persuasion

France prefers the voluntary route to pollution control, reports **David Buchan**

France has set itself ambitious goals for dealing with industrial and household waste, but in many cases hopes to meet them by voluntary means. The rising cost of waste treatment, however, raises the possibility that the government may have to use more compulsion.

For instance, perhaps because it attracts more tourists than any other country in the world, France aims to stop, by 2002, using landfills to bury anything except "ultimate" waste that has already been reduced to a minimum by some previous treatment. In theory, this will mean the closure of more than 6,000 landfills.

The reality may be different, however. The country's 95 "departments" are first supposed to draw up plans to eliminate household waste, while France's 22 regional authorities are due to do the same for industrial waste. But they are not exactly rushing to assume these tasks, for which they will have to bear most of the financial burden.

The environment ministry puts the cost of investing in alternatives to traditional landfills at FFr40bn (£4.7bn) with about a tenth of this being met from a FFr20 levy on each tonne of buried waste. But others believe the eventual investment will be more than FFr100bn, requiring at least a big increase in the levy on waste-producing companies.

Apart from some 400m tonnes of easily-disposable or re-useable waste from the country's big farm and food sector, France produces:

- Household waste amounting to 20m tonnes a year. Only 8 per cent is now treated by composting (difficult because the organic waste needs to sifted out from the rest), while an increasing proportion (41 per cent) is burnt. At present, the rest ends up in landfills.

Some 6m tonnes of household waste comes from packaging. The government has said that by 2003, some 75 per cent of packaging material should be recovered and recycled, but in sharp contrast to Germany it has left this largely to business initiative. Led by BSN, the food group, several thousand companies have formed a group called Eco-Emballages. Member companies are allowed to place a green dot on their products to inform consumers that the products will be recycled, and they pay a small levy on each product sold to help make this recycling possible.

But so far Eco-Emballages' operation is small-scale, spending some FFr180m over three years to finance 37 pilot projects in collecting and sorting packaging waste. "We did not want to follow the Germans in immediately ordering the recovery of all packaging waste, and then not knowing what to do with it all and having to ship it to other countries," says Christian Desachy, the environment ministry's director on waste.

In another voluntary move, France's environment and aid ministers launched a campaign to encourage the French, who tend to get far too many pills from over-prescribing doctors, to return to their local chemists unused medicines. Their containers will be recycled by the drug industry, while their contents will go to the third world.

- Industrial waste of some 147m tonnes a year. Some 7m tonnes is considered hazardous, requiring special treatment. On average, about half is dealt with by manufacturers themselves. But some companies do more. Elf-Atochem, the chemical wing of the Elf-Aquitaine oil group, treats 90 per cent of its industrial waste, while Rhône-Poulenc treats 78 per cent of its own waste and believes it can reach the 90 per cent level, too.

According to Alexandre Colin of the French chemical industry federation, companies in this sector have been spending 15-20 per cent of their total investment, and 3-4 per cent of operating costs, on reducing environmental damage and industrial waste. Such calculations may be harder to make in the future, says an executive for Rhône-Poulenc. By spending FFr1bn a year on the environment, "we at Rhône-Poulenc have done most of what we needed to do to correct the problems of the past". Most progress will come through upstream investment in cleaner technology, "and therefore environmental investment will be harder to distinguish from ordinary investment".

Out of waste has come jobs. FNADE, the main French federation of waste specialist companies, has some 200 members employing 22,000 people. Some are offshoots of the big construction and water treatment companies. Together, they treat some 630,000 tonnes a year of industrial waste imported from clients mainly in Germany, but also Belgium, the Netherlands and Switzerland. However, France still sends some 3,000 tonnes a year of untreatable potassium cyanide and arsenides residues for burial in German salt mines.

"We have a good savoir-faire on waste, and it would be better to export this than to import the waste itself," says Desachy. However, as Claude Perrin, deputy head of FNADE, points out, this is easier said than done, with France still relying on superior incinerator technology from Germany and Switzerland.

Next week: Hungary.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 13 1994

IN BRIEF

Dutch telecom group lifts payout

Koninklijke PTT Nederland, the state-owned Dutch telecommunications and postal group which is preparing for a bourse flotation later this year, announced a sharp rise in its 1993 dividend, bringing its payout into line with other publicly-quoted telecoms operators. Page 18

A dream of Vox pop
For anyone who dreamed that a private television licence in the wealthy German market would be a licence to print money, the demise of Vox television should provide a salutary awakening. *Page 18*

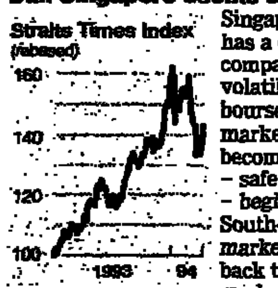
Olivetti sets up credit line
Olivetti, the Italian computer group headed by Mr Carlo De Benedetti, has negotiated a stand-by credit of $280m with eight Italian and international banks. Page 18

Tesco reassures despite fall
Tesco, the UK's second biggest supermarket chain, reported a large fall in pre-tax profits but reassured investors with news that underlying profits were level in spite of price competition. Page 18

Weyerhaeuser slips
Weyerhaeuser, the US forest products company, reported first-quarter earnings of $127m, or 62 cents a share, slightly down from the first quarter of 1993. Page 21

BHP sells mining interests
Broken Hill Proprietary, the large Australian steel and natural resources group, has agreed to sell mining and exploration interests in the Kimberley region of Western Australia to Western Metals. Page 20

Dull Singapore seems safe and steady



Singapore's stock market has a dull reputation in comparison with its more volatile neighbouring bourses. But when other markets in south-east Asia become nervous, Singapore – safe and reasonably steady – begins to look attractive. South-east Asia's stock markets have been jolted back to earth in recent weeks. Singapore had a softer landing, and this week there were signs of a recovery there. Back Page

Scots TV declares its independence
Scottish Television hopes to avoid the takeover wars in ITV. It has no intention of trying to acquire its Scottish neighbour, Grampian Television, and will resist being taken over itself. The declaration of independence came yesterday with a 21 per cent increase in pre-tax profits. Page 23

Stockbroker to float
Brewin Dolphin, one of the UK's oldest and largest private client stockbroking groups, is to be floated in London. Page 24
New issue activity in the UK jumped 35 per cent in the first quarter of 1994, with a total of £6.35bn raised by companies. *Page 25*

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
Klockner Werke	148.8	+	4.3
Linhof	805	+	18
Rheinmetall Prf	260	+	10
Falls			
Deutsche Babck	269.5	–	10.5
SEHE	570	–	17
Schering	1056.5	–	43.5

NEW YORK ($)

Rises			
McDonnell Dgls	112¾	+	3¼
Falls			
Intel	66⅝	–	2⅛
Micron Tech	86½	–	4⅝
Motorola	94	–	13
Sun Microsysts	23¾	–	1¼
Texas Instrmts	74¼	–	4½

New York prices at 12:30.

PARIS (FFr)

Rises			
Elf Aquitn Cts	359	+	20
Legrand	6800	+	290
Michelin B	273	+	11.7
Unibail	582	+	17
Falls			
Fonc-Lyonnaise	870	–	44
UAP	170.3	–	4.7

TOKYO (Yen)

Rises			
Kureha Chemical	563	+	28
Tokyu Car	632	+	42
Falls			
Mitsuboshi Bltg	615	–	29
Noritake	740	–	30
Teijin	516	–	25
Yamaha Motor	850	–	35

LONDON (Pence)

Rises			
Archer Grp	66	+	6
BPB Inds	331	+	11
Brit Airways	443½	+	14½
David Lloyd	234	+	17
Dewhirst Grp	114	+	9
Erith	69	+	3
FR Group	290	+	25
Fyffes	100	+	5
HSBC (75p shs)	805	+	25
Heywood Wms	411	+	15
Intercare	135	+	7
Johnson Fry	283	+	15
Ocean Cons	175	+	30
Osprey Comms	53	+	6
Ranco Oil	154	+	8
Stagecoach	187	+	8
Yule Catto	299	+	24
Falls			
Glaxo	581	–	17
Kwik Save	601	–	12
Scottish TV	482	–	22
Trafficmaster	204	–	16
Ulster TV	695	–	29

Agreement on interest holiday for Euro Disney

By Alice Rawsthorn in Paris

Euro Disney's banks expect to have finalised by the end of next week the FFr13bn ($2.2bn) financial rescue package for the troubled leisure group.

All but four of the 61 international banks in the loan syndicates have agreed to the first stage of the restructuring: an 18-month interest holiday. These represent 96 per cent of Euro Disney's FFr20.3bn net debt.

A senior banker said it was hoped that the remaining four banks, which include three Japanese institutions and Canada's Bank of Nova Scotia, would accept within the next few days. "It's already a done deal," he said. "But we still hope to achieve a unanimous agreement."

The banks will then move on to the next stage which involves endorsing the entire FFr13bn restructuring, including a FFr6bn rights issue and a number of asset transactions, as well as organising underwriting for the rights issue.

A number of banks are understood to have accepted the restructuring in principle and to have volunteered to participate in the rights issue.

Walt Disney, the US entertainment company that owns 49 per cent of Euro Disney, is committed to take up its full entitlement, leaving the banks to underwrite the remaining FFr3.06bn.

Caisse des Dépôts, the state-controlled French financial institution that is Euro Disney's biggest lender, has promised to underwrite FFr790m of the issue. Banque Nationale de Paris and Banque Indosuez, joint heads of the banks' steering committee, have pledged FFr300m and FFr200m respectively.

The banks were originally asked to submit their acceptances for the final stage of the restructuring by Friday. This informal deadline has been extended and the steering committee now expects to finalise the deal late next week enabling Euro Disney to stage the rights issue in early summer.

Deminor, the Paris-based minority shareholders' pressure group, has been investigating the implications of the restructuring for minority investors. It plans next week to submit its report to the company and, if necessary, the French stock market authorities.

Daimler recovers after cost cuts

By Christopher Parkes in Stuttgart

Daimler-Benz, Germany's largest industrial concern, is on the road to recovery after a record DM1.8bn ($1.05bn) net loss last year, according to its chairman Mr Edzard Reuter.

Reporting an operating deficit of DM3.3bn after restructuring costs of DM3.5bn, he said the turning point was reached in the last quarter of 1993. The positive trend established then, with a DM442m operating profit, had continued.

As the costs of restructuring – including the loss of a further 18,000 jobs this year – had already been provided for, Mr Reuter confidently forecast a positive operating result for 1994.

A satisfactory trend in overall group profits would be restored in 1995, he said in the annual report published yesterday. By then, the company planned to restore the loss-making Deutsche Aerospace and AEG Electrical engineering subsidiaries at least to break-even. Meanwhile, Mercedes-Benz cars will remain the main source of profits.

Group sales rose 23 per cent to DM13bn in the first two months of this year, while turnover at the automotive division increased 32 per cent to DM9.5bn – some 73 per cent of the total. Last year, Mercedes accounted for 63 per cent of group turnover.

Mr Reuter said car production would rise to 570,000 units this year from 480,000 in 1993. Sales were expected to increase to more than 570,000, compared with 508,000 last year. Worldwide car deliveries had set the trend in January and February with a 68 per cent rise to 78,000 units.

In Germany, where the overall market rose 1 per cent in the first quarter, new Mercedes registration jumped 38 per cent, Mr Reuter said. European operations of the loss-making commercial vehicles business were worrying.

Figures prepared according to the US accounting standards adopted after Daimler's listing on the New York Stock Exchange showed Mercedes, which absorbed DM1.7bn in restructuring costs, made an operating loss of DM1.3bn last year. AEG and Deutsche Aerospace each lost almost DM1bn, while the Debis Services arm improved from DM276m to DM366m at the operating level.

According to Mr Reuter, the group's recovery would stem from its new-found strength after restructuring, not on what he called naive hopes of economic recovery. Exports would increase slightly but the rate of expansion would remain below the growth in world trade this year.

The unexpectedly sharp cut in the 1993 dividend from DM13 to D8, announced last week, was a temporary setback, he added.
Lex, Page 16

Virgin-Delta link follows global trend

Main links between European and North American airlines

COMPANY NAMES	EQUITY HOLDINGS	TICKETS: CODE & ROUTE SHARING
Virgin-Delta	Being considered	Yes
British Airways-USAir	24.6% in USAir	Yes
Lufthansa-United	Being considered	Yes
Air France-Continental	No	Yes
Air France-Air Canada	No	Yes
Sabena*-Delta	No	Yes
KLM-Northwest	20% in Northwest	Yes
Swissair-Delta	5% cross holding	Yes
SAS-Continental	16.8% in Continental	Yes
Austrian-Delta	No	Yes
Lot Polish-American**	No	Yes

*33% owned by Air France **Proposed

OTHER FORMS OF CO-OPERATION
The alliances also usually include:
- Shared airport facilities
- Reciprocity on frequent flyer programmes
- Marketing agreements
- Timetable changes to improve connections
- Freight co-ordination
- Package tour links

Source: Civil Aviation Authority, FT


Delta's Ronald Allen and Virgin's Richard Branson after announcing the tie-up between the two airlines

The partnership between Virgin Atlantic and Delta Air Lines announced yesterday is the latest in a series of alliances between European and US carriers. Airline liberalisation and the internationalisation of the industry have intensified competition and forced airlines to seek alliances to increase their global reach, as well as cutting costs by co-ordinating services and sharing facilities.

For European carriers, a US partner provides access to the world's biggest domestic airline market, accounting for about 40 per cent of western airline travel, while a European partner offers US carriers entry into the newly liberalised single European aviation market.

Not all airlines have adopted the same strategy towards partnerships. Some airlines, such as British Airways, have sought to cement alliances by acquiring equity stakes; others, such as American Airlines, prefer commercial alliances, seeing little additional benefit in equity investments.
Lex, Page 16

Norwegian group sells ferry lines

By Karen Fossli in Oslo

Vard, the Norwegian cruise and ferry group, is to dispose of its ferry business for NKr1.1bn ($149m) in a move to cut the holding company's interest bearing debt, estimated at $185m.

Mr Einar Kloster, chairman of the management committee of Philips Electronics lighting division and a member of Philips' group management committee, is expected to be confirmed as the new chairman, replacing Mr Terje Mikalsen who will retain a board seat. Shareholders are likely to approve the board changes at an extraordinary general meeting today.

Vard yesterday reached agreement in principle with Skagerak, a Norwegian company formed by Norwegian institutions to acquire the Larvik Line and the Scandi Line. The syndicate has agreed to supply Skagerak with NKr475m in equity and will seek to raise an additional NKr725m to consummate the deal.

The deal will bring to Skagerak three ferries, terminals and the rights to operate the routes between Larvik in Norway and Frederikshavn in Denmark and between Sandefjord in Norway and Stroemstad in Sweden, as well as other assets and rights.

Vard shareholders will have preference rights when about 20 per cent of Skagerak's shares are made available in a public offering in June. Skagerak will also seek a listing on the Oslo bourse.

Vard has been seeking ways to cut its borrowings following an expensive debt restructuring package for its Kloster Cruise unit. The group was badly affected by the February collapse of a $565m deal to sell part of the cruise operation to AEA Investors, a US investment company.

Midland arm loses senior executives

By John Gapper and Tracy Corrigan in London

Midland Global Markets, the treasury and capital markets arm of HSBC Holdings which played a large part in quadrupling Midland Bank's profits to £844m last year, has been hit by the resignation of four senior executives.

The resignations include those of Mr David Gelber, chief operating officer, and Mr Vib Baxi, head of money market trading, who is thought to have earned large sums for the bank through proprietary trading in last year's bull markets.

Mr Baxi was expected to be one of the City's top bonus earners for 1993, but in December he was moved from the post of head of global money markets. This meant he lost control of proprietary trading for the bank, and was instead given charge of the less prestigious investment book.

The move is believed to have contributed to tension over his bonus, which is believed to have been among the largest paid by Midland to a trader.

The resignations of the two other executives – Mr Gerry Reynolds, who took over from Mr Baxi as head of money markets, and Mr Michael Burton, head of foreign exchange sales – are not thought to be directly connected with Mr Baxi's.

Mr Gelber resigned about six weeks ago, and the other three men resigned at Easter. Midland paid its bonuses for 1993 in February, and it is common for other banks to try to recruit traders after such payments.

Neither Mr Baxi nor Mr Gelber are thought to have started other jobs yet. Mr Burton has been recruited to a London job with Goldman Sachs, the US investment bank, while Mr Reynolds is believed to have opted to change career.

Mr Baxi declined to comment on his resignation yesterday. Mr Gelber, Mr Burton and Mr Reynolds could not be contacted, while Mr Guy Heald, head of Midland Global Markets, would not comment.

Midland Bank said it regretted the departures, but the success of its treasury operation, which employs about 450 people, meant that its trading executives were a natural target for other banks.

Midland Global Markets acts as the combined treasury for Midland and Hongkong and Shanghai Banking Corporation, the two largest subsidiaries of HSBC Holdings.

Barry Riley

The Wall Street bears prepare to have a picnic

First blow up your bubble and enjoy it, then work out how to deflate it without creating an explosion. Prepare to worry. The Japanese have been grappling with this for several years now, the US Federal Reserve only for a few months. Mr Alan Greenspan, the Fed chairman, has some awkward choices: either he can raise short-term interest rates sharply, on the grounds that the bad news had best be got out of the way, and anyway it is now anticipated; or he can leave rates alone for a few months, hoping that the markets will settle down.

The middle way is to keep edging up by a quarter-point every now and then, hoping to keep the politicians quiet and with luck allowing an orderly adjustment in securities prices.

Bonds have already tumbled, but US equities have remained quite resilient. After all, the Dow Jones Industrial Average is only off about 2 per cent in 1994 so far (though down 7 per cent from its peak four days before Mr Greenspan first tightened on February 4) and it is less than a month since prices on Nasdaq were hitting all-time highs. But now some of the North American stock market sheets are getting very edgy: there is a growth scare. The stock market is in dangerous territory according to *The Bank Credit Analyst*, and a sharp correction lies ahead; *Grant's* is eagerly if equivocally anticipating "what may or may not prove to be an unforgettable bear market".

Meanwhile the casual radio and TV listener is baffled by news reports that the stock market is weak because the US economy is proving to be unexpectedly buoyant. But what about the benefits for equities of rising profits and surging output? The market has obviously gone crazy again.

Well, not quite. Mr Gordon Pepper, one-time star guru of the London gilt-edged market and now a professor at the City University, next week publishes his long-awaited monetarist theory of asset prices*. In it he shows that overall equity market price movements are largely explained in the short to medium term by changes in bond interest rates. Only over periods upwards of four years do the corporate sector fundamentals, such as dividend growth, exert a dominant influence.

Anti-meltdown techniques used in Japan are not open to the Americans.

Meanwhile, he emphasises, many securities transactions are motivated not by any change in the economic or corporate fundamentals but by the need to raise or invest cash. He could have devised no better example than the margin squeeze which has forced a collapse in global bonds.

Many nervous eyes are now on the US mutual funds sector. Over the past two or three years US private investors have accepted a large new exposure to risk as they have shifted out of savings deposits into stock and bond funds at the combined rate of often more than $20bn a month. The particular feature of 1993 was a sharp rise in the purchases of mutual funds investing in overseas equities.

As recently as February this year a near-record $14bn was still pouring into stock funds, but bond fund inflows had collapsed. It will be bad enough for equity markets around the world if the money now simply stops coming in, after the first negative quarter for the average mutual fund price for two years. We are a long way from any serious net selling, but it is worrying that there is $700bn in equities in potentially loosely held mutual funds. It was bad enough in 1987 when stock funds were worth only $200bn.

This brings us back to Mr Greenspan's dilemma. He would surely like to take short-term dollar rates back to 5 per cent, because low rates have now achieved their tasks of recapitalising the banking system and reviving the economy. But a move intended to be economically stabilising could *destabilise* the financial asset markets because there have been such huge shifts by investors seeking higher returns.

The anti-meltdown techniques used in Japan – such as leaning on public sector funds to buy equities, and slashing interest rates – are not open to the Americans. In fact, if the US economy continues to surge, short-term interest rates as high as 6 or 7 per cent might be justifiable next year.

However, higher taxes may slow the economy, and masterly timing might cushion the blow of interest rate rises. Let's hope so, and worry a little less.

**Money, Credit and Asset Prices*, Macmillan/St Martin's Press, £40.

INTERNATIONAL COMPANIES AND FINANCE

Sharp rise in KPN payout as flotation approaches

By Ronald van de Krol in Groningen

Koninklijke PTT Nederland, the state-owned Dutch telecommunications and postal group which is preparing for a bourse flotation later this year, yesterday announced a sharp rise in its 1993 dividend, bringing its payout level into line with other publicly-quoted telecoms operators.

KPN said its dividend to the Dutch state is to be lifted to 50 per cent of 1993 net profit, a significant increase from the rate of around 40 per cent which it has paid to the government throughout recent years.

The company, whose partial flotation will probably take place in late May or early June, had been widely expected to raise its payout rate after privatisation, increasing its attraction as a yield-orientated utility stock to investors.

KPN also reported yesterday that its 1993 net profit rose by 7.9 per cent to Fl 1.8bn ($945m) from Fl 1.66bn in 1992, meeting the company's forecast that results would at least match the average 5 per cent rate of profit growth seen in recent years. Its dividend in cash will be raised to Fl 898m, or 50 per cent of net profit, from Fl 666m the year before.

Mr Cees Griffioen, finance director, said the sharp increase in the dividend reflected the fact that KPN had now succeeded in boosting group equity to 50 per cent of total liabilities, compared with around 30 per cent in the late 1980s. But he said the 50 per cent payout rate should be seen as "a new basis which we are seeking for the future".

KPN's future pay-out policy has attracted much interest in the run-up to the flotation. Neither the company nor the government has given details of the pricing or the exact timing of the issue, which will be the biggest flotation in the history of the Amsterdam exchange.

The government is expected to sell a stake of around 30 per cent, raising at least Fl 5bn, according to analysts' predictions.

Subsequent share sales later in the 1990s will reduce the government's stake to below 50 per cent, though the state will retain a "golden share" option.

UAP head outlines profits goal

By Alice Rawsthorn in Paris

Union des Assurances de Paris (UAP), the largest French insurance group poised for privatisation, hopes to increase net profits by around 30 per cent in each of the next three years, according to Mr Jacques Friedmann, chairman.

Mr Friedmann said yesterday UAP intended to at least equal its 1993 performance – when net profits rose by 32 per cent to FFr1.42bn ($243m) from FFr1.08bn in 1992 – in the mid-1990s. However, he made his forecast just before Standard & Poor's, the credit rating agency, announced it was downgrading UAP's rating to A1 from A1 plus.

S&P, which has also downgraded the ratings of Axa and Assurances Générales de France, said it was concerned about the deterioration in operating profits at the large French insurers, and about uncertain recovery prospects.

The French insurers have for the past two years been under intense pressure due to competitive market conditions and heavy provisions on property interests. UAP has also been burdened by the problems of the loss-making Banque Worms. Mr Friedmann said he planned to inject an additional FFr1bn into the bank, and hoped it would return to profit in 1996.

In spite of these difficulties, the Balladur government is pressing ahead with the sale of its 50 per cent stake in UAP, valued at more than FFr25bn.

Chief to leave Laura Ashley

Laura Ashley is to part ways with its outspoken chief executive, Mr Jim Maxmin, the American brought in to revive the flagging fortunes of the UK fashion retailer, writes Peggy Hollinger in London.

The company said yesterday Mr Maxmin would resign in May, just two months before his third anniversary as chief executive. It said his departure followed a disagreement over investment levels.

On the London stock exchange the shares shed 4p to close at 81p.

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Tesco assurance steadies shares after weak result

By Neil Buckley in London

Tesco, the UK's second-biggest grocery retailer, reported a fall in pre-tax profits to £435.5m ($641.8m) from £558m, but reassured the City of London with news that underlying profits were level despite intense price competition.

Tesco's shares gained 3p to 218p after Sir Ian MacLaurin, chairman, said gross profit margins had been forced down significantly in the year to February 26, but had shown a "pleasing improvement" since the year-end.

The headline profit was depressed by a one-off £92.9m loss on property disposals, and £68.5m depreciation charges, following a decision to depreciate buildings and land premiums. Disregarding the one-off loss and applying new accounting policies to last year's figures, underlying profits rose from £527.3m to £528.4m. Group turnover climbed from £8.13bn to £9.25bn.

Fully-diluted earnings fell to 15.06p a share from 19.78p, but a final dividend of 5.3p lifts the total to 7.75p from 7.1p.

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Competition takes toll on profits at Accor

By Alice Rawsthorn in Paris

Accor, the French travel group battling the UK's Forte for control of the Meridien luxury hotel chain, yesterday announced a 23 per cent fall in net profits, to FFr615m ($105.1m) last year from FFr802m in 1992.

The group has lodged a bid with Meridien's owner, Air France, in the hope of merging the business with its Sofitel luxury hotels.

Accor was badly affected last year by intense competition in the European travel business, particularly in the French market.

Accor, which had previously issued a profits warning for 1993, also had to service the remainder of the debt amassed in its 1991 takeover of Wagons-Lits, the Belgian travel company.

In spite of the fall in net profits, the board proposed holding the dividend at FFr18.00 in 1993, the same as in 1992.

Restructuring contains fall at Dassault

By David Buchan in Paris

Dassault Aviation, the French maker of military and business jets, yesterday announced consolidated net profit down to FFr311.2m ($53.4m) last year from FFr329.6m in 1992, on a turnover down to FFr13.2bn from FFr16.3bn.

Dassault said the relatively small drop in its profit showed the benefits of recent restructuring, including job lay-offs, that had been made in anticipation of a general decline in military and civil orders.

The group, which is 49.9 per cent owned by the Dassault family and 46 per cent state-owned, with the remainder in public hands, has increased its dividend to FFr7 from FFr6, in line with its forecast that business will pick up in the near future.

A costly lesson on German TV

Vox is limping off the air, write Quentin Peel and Michael Lindemann

For anyone who dreamed that a private television licence in the wealthy German market would be a licence to print money, the demise of Vox television should provide a salutary awakening.

The Cologne-based info-tainment station, launched with great fanfare just 14 months ago as the thinking German viewer's TV ("Television for university graduates," according to one close observer), went into liquidation on April 1. It is limping off the air over the coming weeks with only the faintest hope of rescue.

For the mighty Bertelsmann group, Germany's largest multimedia empire and second only to Time Warner on the world stage, the failure of Vox is a blow to its pride, rather than its bank balance. The group had a stake of 24.9 per cent, alongside comparable shareholders including the Süddeutscher Verlag, publisher of Munich's leading newspaper, and WestLB, the bank.

Mr Mark Wössner, Bertelsmann's chief executive, who estimates probable total losses for the six shareholders at around DM400m ($234m), describes them as leaving no more than "a relatively small skidmark" in the group's annual DM1.5bn profits. It is the fact of having made a mistake, in a company with a reputation for careful and conservative planning, which hurts.

One question is whether the demise of Vox will herald a further shake-out in Germany's overcrowded television market. Another is whether it calls into question the long-term future of private television in a market tightly regulated by the close interest of the German political establishment in all 16 federal states.

Most observers believe the answer to the first question may well be yes, but to the second, no.

Bertelsmann is certainly adamant that its own heavy investment in the sector, through its Ufa television and film subsidiary, remains well justified. It is the largest shareholder, with 38.9 per cent, in RTL, the single most successful private television station, which last year overtook both ARD and ZDF, the two public broadcasters, to become Germany's most popular channel.

It also has 37.5 per cent of Premiere, Germany's first pay-TV channel, and 7.8 per cent of RTL-2, the most successful new generation down-market private station.

Mr Manfred Lahnstein, president of Bertelsmann's electronic media division, admits that "after 10 years of private television in Germany, there is only one station which has earned back its initial investment: that is RTL. Everybody else is losing money."

He says that any new private station must expect to lose money for at least six years, because of high start-up costs. But investors have still piled into the nine private broadcasters (including Vox) because of the perceived long-term potential. "These last 10 years have changed the world completely," Mr Lahnstein says. "The public broadcasters will continue to lose market share. In five years they will be much less important.

"Advertising through television is a very attractive proposal for the advertising industry, and the proportion in Germany is still quite low. The advertisers need opportunities to advertise." He estimates that by the end of the decade, gross advertising revenues could reach DM13bn, compared with DM7.5bn to DM8bn today. The trouble is that the plethora of new stations has led to drastic rate cutting and squeezed everybody's margins.

The other major investor in German private television, Mr Leo Kirch's group, is exploiting another asset, its library of old Hollywood films. Even if the TV stations in which it has a stake may not be making money, the film leasing business is highly profitable.

If the big investors are well aware of the inevitability of losing money for a lengthy start-up phase, the question remains why Vox has been forced to close.

Most analysts believe the reasons for failure lie in flawed original concept, disagreement among the shareholders, and the tight regulations preventing any one group from controlling too many stations.

"They misjudged the market," says Ms Rebecca Winnington-Ingram, international media analyst at Morgan Stanley in London. "There is not enough advertising in Germany to support ill-defined entertainment channels."

An insider is more blunt. "They dreamed up the idea in 1990, at the height of the euphoria over German unification, the excitement of the Gulf war and the break-up of the Soviet Union. There was an extraordinary desire for news. They assumed it would always be like that."

Instead of 6 per cent of the television audience Bertelsmann said it needed to break even, it could only manage 0.7 per cent after three months, and barely 2 per cent after a big shift away from news to entertainment last summer.

It was the decision of the Süddeutscher Verlag to pull out which marked the beginning of the end. "They simply got cold feet about the extent of the losses," the insider said.

Mr Wössner and Mr Lahnstein searched desperately for another shareholder, without success. Bertelsmann itself is prevented by the television licensing regulations from increasing its stake above 24.9 per cent, because of its RTL and other shareholdings.

"We may not, cannot and will not take over Vox up to 100 per cent," Mr Lahnstein said. He admitted that for the time being, advertisement-financed television in Germany may have reached its limits.

But Bertelsmann has recently launched two strategic projects: a joint venture with Deutsche Telekom and Leo Kirch called Media Service, to act as distributor for the expected new generation of pay-TV channels; and a co-operation deal with Canal Plus to market pay-TV Europe-wide. That is clearly where the group believes the future of private television lies.

Olivetti negotiates $280m stand-by credit

By Andrew Hill in Milan

Olivetti, the Italian computer group headed by Mr Carlo De Benedetti, has negotiated a stand-by credit of $280m with eight Italian and international banks, the company announced yesterday.

Since last Thursday, Italian and French companies in which Mr De Benedetti's family has an interest have announced a string of share and convertible bond issues.

The five-year stand-by credit brings to more than $1.1bn the amount of potential funding which will be available to companies in the De Benedetti stable, assuming shareholders approve the plans for share and bond issues.

Olivetti said yesterday that the credit, arranged for the group's Luxembourg-registered subsidiary Olivetti International, would allow the company to spread its medium to long-term debt over a longer period, strengthening the overall financial structure.

The group claimed that this was one of the biggest credit lines arranged by a private Italian company in more than a year.

The Italian group may need access to extra funds to pay for its one-third share of the L3,000bn ($1.8bn) investment in a new mobile telephone network in Italy.

Olivetti heads the Omnitel-Pronto Italia consortium which won the licence for the GSM network last month. The computer company last week announced plans to underpin this investment with a convertible bond issue, which could raise between L590bn and L600bn.

The five-year stand-by credit line was arranged by J.P. Morgan Securities. Eight other banks will participate with $35m each.

Olivetti will pay interest of Libor plus 0.625 per cent for the first two years, and Libor plus 0.75 per cent for the final three.

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Bonds volatility hits Bear Stearns

By Patrick Harverson in New York

Bear Stearns, the Wall Street securities house, has revealed trading losses in recent weeks because of extreme volatility in financial markets.

The announcement of the losses, described as "moderate", did not surprise industry analysts. Heavy declines in bond prices over the past few weeks were expected to have hit earnings of Wall Street firms which own and trade large portfolios of government securities.

Mr James Cayne, Bear Stearns' chief executive, said: "This is not the first time we have suffered losses, and it will not be the last." Big trading houses are always vulnerable to losses if securities prices change rapidly. However, those losses can just as quickly be recouped if market conditions turn back in their favour.

The recent unpredictability of global financial markets, however, coupled with the rise in US interest rates and declines in domestic stock and bond prices since February, should mark a turning point in Wall Street's earnings cycle. After three years of steadily escalating profitability, income growth is expected to slow in 1994.

Bear Stearns' third-quarter earnings, also released this week, indicated that the peak in the securities industry's cycle has probably passed. The firm reported third-quarter profits of $115.5m, slightly higher than a year earlier but well down on the previous quarter, when profits reached a record $134.8m.

Separately, Bear Stearns announced that Mr Wayne Angell, who recently stepped down after eight years as a member of the Federal Reserve Board, will be joining the firm as chief economist and senior managing director.

The hiring of Mr Angell is a coup. His experience and knowledge of the Fed will prove beneficial to Bear Stearns, which is one of the most active traders in the US market for fixed-income securities.

During his high-profile tenure at the Fed, Mr Angell developed a reputation as an inflation "hawk", who believed the central bank's overriding priority as the guardian of US monetary policy was to defeat inflation.

Union Carbide, 3M join implant fund

By Richard Tomkins in New York

Union Carbide and Minnesota Mining & Manufacturing are to contribute towards the proposed $4bn global settlement of breast implant litigation agreed by other US companies in March.

The settlement between makers of silicone implants and plaintiffs claiming illnesses resulting from implant leaks should provide funds to settle litigation worldwide over the next 30 years. It also provides a partial ceiling on individual companies' liabilities.

The main corporate participants in the settlement, which is still subject to fairness hearings and legal challenges, are Dow Corning (a joint venture between Dow Chemical and Corning), Bristol-Myers Squibb and Baxter International.

Union Carbide, the chemicals group, did not manufacture the implants but it supplied generic bulk silicone materials to the implant industry. It said its contribution to the settlement would be $138m over the next few years.

The company said it had previously taken pre-tax charges totalling $35m for litigation, and the settlement would not require any charges in its first or second quarters. After probable insurance recoveries, the effect on future earnings should be negligible, it said.

3M, the diversified maker of medical products and adhesives, did make the implants but had previously held out against joining the industry-wide settlement. Subject to its directors' approval, it has now agreed to join with a contribution of $325m.

The company said that, after this and other charges relating to breast implant litigation and after probable insurance recoveries, it expected to report a pre-tax charge of $35m in the first quarter, or $22m after tax.

Digital challenges lead in network server race

By Louise Kehoe in San Francisco

Digital Equipment has launched an aggressive bid to take the lead in the fast-growing market for computer network "servers", computers that boost the performance of networks linking desktop computers.

Digital said its new 2100 servers, based on its Alpha Reduced Instruction Set Computing (Risc) microprocessors, offered higher performance at half the price of equivalent products from Sun Microsystems and International Business Machines.

"Digital is breaking several performance and cost barriers," said Mr William Strecker, vice-president of engineering. "We are bridging the worlds of large-system features and small-system advantages to put the power to manage complex tasks within the reach of enterprise departments and small companies."

The Digital 2100 server is the first in a family of Alpha Risc-based departmental servers. Prices start at $18,900 for a single processor unit.

Ferfin rights issue may leave banks in control

Creditor banks of Italy's troubled industrial group, Ferruzzi Finanziaria (Ferfin), could control 68.9 per cent of the food-to-chemicals company if they fully take up a complex L1,339bn ($825m) rights issue, Reuter reports from Rome.

Ferfin said the stake could end up being owned by the some 50 banks that make up the consortium guaranteeing the complex four-tranche issue. The banks now own some 48.7 per cent of Ferfin.

Serafino Ferruzzi, the family holding company that sits above Ferfin and once controlled what was Italy's second-largest private business, will see its stake fall to 12 per cent from 19.8 per cent. It has waived its rights to the new shares.

The capital increase, approved by shareholders last November, involves four separate operations calling for the issue of a total of 580m shares at prices ranging from L1,000 to L4,000.

Proceeds will be used to cut Ferfin debts by L706.2bn and those of its Gruppo Alca (Trading) unit by L633bn.

Japanese papermaker secures help in debt plan

Japan's Marubeni Corp and two main creditor banks of Daishowa Paper have sent a group of experts to the debt-laden papermaker to help it in its five-year restructuring plan, agencies report from Tokyo.

The banks are Industrial Bank of Japan and Fuji Bank. Marubeni owns 5.1 per cent of Daishowa.

Daishowa, Japan's third-largest papermaker announced last month it aimed to cut debts to Y270bn ($2.6bn) by March 1999, from some Y434bn now.

Daishowa Paper, established in 1938 by the Saito family, has been hit hard after aggressive expansion in the 1980s and the subsequent economic slump. The Saito family now owns an estimated 30 per cent of the company, and one family member has said it plans to reduce this to 15 per cent.

"It is inevitable for Daishowa to sell shares owned by the Saito family to other shareholders to reduce the influence of the family on its management," said Mr Morinobu Kobayashi, analyst at Yamaichi Institute of Research.

The company was dealt a heavy blow last November when Mr Ryoei Saito, then honorary chairman and former president, was arrested on suspicion of bribery related to land development projects.

In February, Daishowa chose Mr Shogo Nakano as president, making him the first person outside the family to head the company.

Last month, a delay in plans to sell assets forced Daishowa to downgrade its business forecast for 1993-94. It now sees a net loss of Y28.2bn against earlier forecasts of a Y3bn net loss. In 1992-93, it posted a net profit of Y305m.

BHP to sell some mining assets to Western Metals

By Nikki Tait in Sydney

Broken Hill Proprietary, the large Australian steel and natural resources group, has agreed to sell certain mining and exploration interests in the Kimberley region of Western Australia to Western Metals. The assets for sale include a 58 per cent interest in the Cadjebut mine.

Western Metals is a privately-owned company, in which Ausgold holds a 13 per cent stake. Ausgold, which asked for its shares to be suspended yesterday, said it had made an offer to acquire the remaining 87 per cent of Western Metals. It said it planned to raise A$30m (US$21.7m), via an underwritten public share offering, to fund the Cadjebut deal and the development of other assets included in the BHP transaction.

The interests involved include BHP's stake in the Cadjebut zinc/lead mine, which was developed in 1987 and has about another 18 months of life. Total production at Cadjebut last year was 102,000 tonnes of zinc concentrate and 29,000 tonnes of lead concentrate.

Also included in the package are undeveloped ore bodies at Blendevale, Twelve Mile Bore and Kapok, and interests in a number of joint ventures in the region. Ausgold said it hoped "to bring on stream the development of the next ore body, 12 Mile Bore, before the existing reserves at Cadjebut are depleted".

BHP, which did not disclose the sale price, said the assets involved in the transaction no longer "fitted our profile".

BHP's partner in the Cadjebut mine, with the remaining 42 per cent interest, is Shell Australia. The interest forms part of Shell's Australian metals portfolio, which the oil company has talked of floating on the stock market.

● CRA, the Australian resources group, yesterday announced it had agreed a "farm-in" deal with Carpenter Pacific Resources (CPR), under which the latter can earn a 49 per cent interest in CRA's Hidden Valley gold project near Wau, in Papua New Guinea, for K35m (US$36.9m).

Australian biscuit group maintains interim payout

By Bruce Jacques in Sydney

George Weston Foods, the Australian biscuit and dairy products group, has held its interim dividend at 9.5 cents a share after a marginal rise in earnings during the six months to January.

The company, which is controlled by Associated British Foods, lifted earnings to A$25.8m (US$18.7m) from A$25.7m on a 4.8 per cent rise in revenues, to A$526m from A$502.5m.

Directors indicated results had been held back by costs associated with a contamination scare during the half in one of the company's pie products.

They said price discounting and soft demand in other food areas, especially bread, also subdued trading.

Tax provision took A$11.6m, against A$16.1m previously, and depreciation A$17.5m, compared with A$16.5m. Interest expense was negligible, at A$181,000 against A$275,000.

Exceptional costs mask better sales at Engen

By Mark Suzman in Johannesburg

Engen, the South African energy company, reported a decline in net profits to R226m ($63.2m) in the six months to February, from R257m for the corresponding period last year.

The fall was almost entirely due to the R17m exceptional cost to cover retrenchments, and to a one-off inventory loss of R37m for the decline in the oil price. The interim dividend was maintained at 55 cents.

The added costs masked a slight improvement in operating income, to R282m compared with R257m last year. The retrenchments, which will reduce the company's total workforce by around 500, will be absorbed in full over the current financial year. The costs are likely to come to R60m.

Turnover rose to R4.03bn from R3.56bn, while borrowings were up to R512m from R218m. This reflected increased capital expenditure on the company's R800m Phase II upgrade project, which will give Engen the capability to process cheaper crudes while lifting output 22 per cent.

Mr Rob Angel, chief executive, said gearing would continue to rise, from its current 16 per cent to around 26 per cent next year, because of the expansion.

The bulk of turnover came from domestic sales of petrol to the South African market. These rose from 14.7m barrels to 15.2m barrels. The biggest area of growth was in exports, which soared 133 per cent, from 1.8m barrels last year to 4.2m barrels, and covered sales to more than 20 countries, most of them in Africa.

Mr Angel said he hoped to see continued growth in the African market, and noted that Engen was well-placed to raise its presence on the continent.

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INTERNATIONAL COMPANIES AND FINANCE

Wood products unit helps Weyerhaeuser results

By Laurie Morse in Chicago

Weyerhaeuser, the US forest products company, yesterday reported first-quarter earnings of $127m, or 62 cents a share, slightly down from earnings before special charges of $133m, or 65 cents, in the first quarter of 1993.

But operating earnings rose to $295m, or $1.44 a share, from $276m, or $1.36, in the same quarter last year.

Sales were flat during the period at $2.4bn, compared with $2.3bn.

Operating results were slightly better than Wall Street expected, and prompted some analysts to lift full-year earnings projections for the company above $3 per share.

Most of the operating improvement came from the timberlands and wood products division, which earned $283m in the quarter, against $226m a year ago. Weyerhaeuser benefited from rising prices for wood products in the wake of environmental restrictions that have limited logging on public lands in the US.

Mr Mark Rogers, analyst with Prudential Securities, said "Weyerhaeuser is unique because it has so much of its own timber."

The sharp rise in timber and wood products earnings masked continuing weakness in the pulp and paper segment. The division's earnings fell to $5m in the first quarter, from $35m a year ago.

However, Weyerhaeuser said recent price improvements in market pulp and containerboard packaging helped the division reverse a loss from the 1993 fourth quarter.

Property and financial services operations earned $7m in the first quarter, down from $15m in the 1993 period.

Mr John Creighton, president, said: "Our ability to achieve these results, in spite of significant weather interruptions and the Los Angeles earthquake, reflects improving operating efficiencies we have realised with the implementation of our business improvement plans."

Gannett up 19% in first term

By Richard Tomkins in New York

Increased advertising revenues helped Gannett, the US media group that publishes the newspaper USA Today, produce a 19 per cent increase in net income to $78.7m in the first quarter.

The company's interests include 83 newspapers, nine television stations and 11 radio stations. It is also the largest outdoor advertising company in the US.

Turnover was 4 per cent higher than in the same quarter last year at $876.6m, as economic growth fuelled stronger advertising demand in most parts of the group.

An increase in costs of just 1 per cent helped lift earnings per share to 54 cents from 46 cents last time. The dividend was increased to 33 cents a share from 32 cents.

Gannett said an 11 per cent increase in revenues from classified advertising contributed significantly to newspaper revenue gains, with recruitment advertising rising every month.

Newspaper advertising revenues increased by 6 per cent overall, helping produce a 9 per cent gain in newspaper profits to $142.7m.

At USA Today, which saw its first profitable year in 1993, advertising revenues were unchanged from the comparable quarter's record level, but paid advertising pages fell to 931 from 970.

Broadcasting profits, buoyed by winter Olympics advertising on Gannett's two CBS-affiliated television stations, jumped to $21.2m from $9m. Earnings were also lifted by the recent sale of four radio stations and the company's television station in Boston.

Outdoor advertising revenues declined by 2 per cent and losses worsened to $4.7m from the comparable quarter's $4.1m.

Nortel wins Colombian contract

By Bernard Simon in Toronto

Northern Telecom, the Canadian telecommunications equipment supplier, has won its largest contract in Latin America with an agreement to install a US$350m digital phone network in Colombia.

The contract takes the form of a revenue-sharing agreement with Empresa Nacional de Telecommunicacions, Colombia's state telephone utility, and Vestcor Partners, a Miami-based investment bank, which put together the financing structure.

Under the agreement, Northern Telecom will be paid for its equipment from revenues generated from the network over the next nine years.

The contract includes 205,000 digital phone lines in 10 regions of Colombia, as well as transmission equipment and microwave systems. Northern Telecom will operate the system.

Northern Telecom said the company also expected to win contracts for cellular phone equipment in Colombia within the next few weeks.

Last month, a consortium comprising Northern Telecom's sister company, Bell Canada International, as well as Northern Telecom and the Bogota city phone company, was granted a cellular phone franchise in the eastern region of Colombia, including Bogota.

Northern Telecom will provide switching and cellular equipment for the $400m project.

Several European suppliers have recently won contracts to install telephone equipment in other parts of Colombia in line with a recent liberalisation of the procurement process.

Fannie Mae posts 25th record quarter

By Patrick Harverson in New York

The Federal National Mortgage Association (Fannie Mae) yesterday reported a 15 per cent increase in first-quarter profits to $510.5m.

It was the 25th consecutive quarter of record profits for the company, which provides financing for US mortgage lenders.

Fannie Mae said it was able to post another record quarter in spite of rising interest rates – which typically dampen demand for mortgages – because of a strategy that is designed to minimise the effect of interest rate movements on the company's earnings. Essentially, the strategy involves balancing Fannie Mae's assets and liabilities so that there is very little interest rate exposure.

The impact of rising interest rates was clearly seen in Fannie Mae's net interest margin (the difference between the interest the company earns on mortgage loans and the interest it pays to borrow money), which narrowed from 143 basis points a year ago to 126 basis points.

Although its interest margin declined, Fannie Mae's net interest income still rose 10 per cent to $664.4m, as its mortgage portfolio increased to $197bn. A year earlier, the portfolio was worth $159bn.

The company's strong first quarter was also helped by a sharp drop in extraordinary after-tax losses from the early retirement of debt to $8.3m, and by a 17 per cent increase in mortgage-backed securities guaranty fees to $269.7m and a 57 per cent jump to $35.5m in fees earned from the sale of Remics (real estate mortgage investment conduits).

Fannie Mae's acquisition of foreclosed single-family properties rose 14 per cent to 3,122, while write-offs climbed from $30.5m to $53m, primarily because of those related to the January earthquake in southern California.

Crédit Mutuel 6% advance 'satisfactory'

By Alice Rawsthorn in Paris

Crédit Mutuel, the French banking group, saw net profits rise by 6 per cent to FFr1.6bn ($270m) in 1993 from FFr1.5bn in 1992, despite the pressures on the banking market.

Mr Etienne Pflimlin, chairman, described the group's 1993 performance as "satisfactory".

However, he was less optimistic about the outcome for this year due to the unstable economic situation and changes in interest rates.

French banks last year continued to be affected by the weak credit demand and high property provisions that have plagued them throughout the early 1990s. Crédit Mutuel, according to Mr Pflimlin, reversed the general trend by faring well in commercial activities but badly in market trading.

It saw net banking income increase by 10.1 per cent to FFr18.4bn in 1993 from FFr16.7bn in 1992, with gross operating profits rising by 23.8 per cent over the same period to FFr6.5bn from FFr5.2bn.

The group was, however, forced to make provisions of FFr2.08bn, roughly the same level as in 1992.

● TF1, the largest French television channel, posted static profits last year despite the downturn in the advertising industry.

The company mustered net profits of FFr459m in 1993, 2 per cent up on 1992's FFr451m, on turnover up 4 per cent over the same period at FFr7.76bn from FFr7.43bn.

SAS sells card unit in refocusing operation

By Christopher Brown-Humes in Stockholm

Scandinavian Airlines System (SAS) took its corporate refocusing programme a step further yesterday when it announced the sale of Diners Club Nordic, a credit and charge card operation, to Skandinaviska Enskilda Bank, Sweden's leading commercial bank.

SAS said the transaction would produce a capital gain of between SKr100m ($12.84m) and SKr200m and reduce its balance sheet by SKr2.2bn. Exact terms were not disclosed.

Diners Club Nordic has 395,000 cardholders in Denmark, Norway, Sweden and Finland. The operation, bought by SAS in 1986, recorded pre-tax profits of SKr49m last year, up from SKr30m a year earlier. Operating revenue climbed 18 per cent to SKr517m. The unit's book value at the year-end was around SKr160m.

SAS wants to concentrate on core air transport operations after four years of losses and a failed pan-European merger with three other airlines.

The strategy has led to the sale of its stake in LanChile, the Chilean airline, and an aircraft sale and leaseback deal. Further moves are planned, including the disposal of SAS Leisure Group, Scandinavia's leading tour operator, and SAS Service Partner.

SE-Banken said it wanted to strengthen its position in the credit and card charge market.

Quebecor to purchase US book producer for $200m

By Robert Gibbens in Montreal

Quebecor, North American-based international publishing, printing and forest products group, is buying Arcata, the second biggest book producer in the US, for US$200m.

The move fits Quebecor's recent acquisition of two US companies specialising in CD-Rom technology.

Quebecor Printing, majority controlled by Quebecor and the Peladeau family, a year ago bought Arcata's commercial printing plants for almost $100m and took an option on its six book-production plants with expiry in 1996.

Mr Charles Cavell, president of Quebecor Printing, said the company had exercised this option early as Arcata's book business was doing "extremely well" and would offset the commercial printing cycle.

Quebecor Printing gets six plants in Tennessee, Pennsylvania and West Virginia which employ 3,500 and had 1993 sales of $317m.

They will bring Quebecor Printing's annual revenue to more than $2bn. The company is the largest US commercial printer after R. R. Donnelly. It also operates in Mexico and France and recently entered a joint venture in India.

First-half loss at Deutsche Babcock

Deutsche Babcock, the German engineering and plant construction group, suffered a loss in the first half of its 1993-94 fiscal year which began last October 1, AP-DJ reports from Oberhausen.

It gave no figures but said results were better than the previous year.

Mr Heyo Schmiedeknecht, chairman, made clear yesterday the company wanted to resume payment of its common dividend, last paid for fiscal 1988, after having resumed payment of a DM3 preferred dividend for fiscal 1993 after a two-year hiatus.

But even more important, he said, was to continue the company's programme of streamlining, "cost what it will, without regard to earnings cosmetics".

Babcock has said it intended to pay a dividend only if the group's pre-tax profit reached DM120m ($70.1m).

"There is better than a 50 per cent chance" of a dividend being paid, Mr Schmiedeknecht said. "Off-hand, I would say there is a 60 per cent chance."

Babcock's projection for group pre-tax profit in the current fiscal year is DM80m to DM120m, after pre-tax earnings of DM62m in fiscal 1993.

Although Babcock's pre-tax and net profit figures fell steeply in fiscal 1993, the drop was largely attributable to extraordinary factors.

All of the group's divisions were now operating in the black, Mr Schmiedeknecht said.

Motorola's 46% rise disappoints market

By Louise Kehoe in San Francisco

Motorola's share price tumbled after the electronics and semiconductor group reported first-quarter results that failed to live up to Wall Street expectations despite a 46 per cent increase in net profits.

Its share price dropped by $6.75 to $99.25 in after-hours trading on Monday and yesterday the stock was trading at $94.50 in mid-session.

First-quarter net income rose to $298m, or $1.08 a share, compared with $204m, or 72 cents, in the same period last year.

Sales rose 29 per cent to $4.69bn from $3.63bn.

However, the pace of growth in net income represented a slowdown from last year's increase of more than 100 per cent. Analysts said they had hoped to see the company outperform their projections of around $1.04 a share with higher earnings growth in the semiconductor and communications equipment markets.

A leading supplier of cellular telephones and transmission equipment, Motorola said sales in that sector rose 57 per cent to $1.67bn, while orders were up 62 per cent.

During the quarter the company resolved a dispute in Japan over market access, reaching an agreement with Nippon Idou Tsushin Corp (IDO) to begin expanding the service area for the Motorola cellular telephone system in the Tokyo and Nagoya areas.

The communication products sector, which includes pagers and the two-way radios used by taxi fleet vehicles, had sales growth of 20 per cent, to $1.24bn, but orders grew just 1 per cent.

The company said the lower than expected order growth was partly due to excess inventories among distributors in China. Sales of pagers to the Chinese market exploded last year, apparently in advance of user demand.

Sales of semiconductor products, another large segment, grew 26 per cent to $1.61bn, with orders up 15 per cent.

The government and systems technology group, which includes Motorola's share of the Iridium satellite communications venture, reported revenues of $138m, up 10 per cent.

Overall, Motorola said net margin on sales was 6.4 per cent, up from 5.6 per cent in the first quarter of last year.

US prices hold ground after March inflation data

By Patrick Harverson in New York and Antonia Sharpe in London

US Treasury prices held their ground yesterday morning after the first set of March inflation data came in broadly in line with expectations.

By midday, the benchmark 30-year government bond was up ⅛ at 88$\frac{5}{32}$, yielding 7.221 per cent. The two-year note was also slightly firmer at the half-way stage, up $\frac{1}{32}$ at 99½, to yield 5.378 per cent.

The eagerly-awaited March producer prices index produced no surprises. The 0.2 per cent increase in the PPI reported by the Labor Department was what most analysts had been forecasting. Core producer prices – which exclude the volatile food and energy components – were also up by 0.2 per cent.

Bond prices rose immediately after the figures were released on relief that the data contained no bad news, but the market was unable to sustain its initial highs. Later in the morning, expectations of a "coupon pass" by the Federal Reserve – when the central bank buys securities in the market permanently to add reserves to the system – kept prices in positive territory.

Otherwise, many traders and investors were keeping their heads down, and awaiting today's second leg of the inflation data – the release of the consumer prices index.

■ *European government bond* markets gave up early gains even though the US PPI data was in line with expectations. The mood was cautious ahead of the Bundesbank's council meeting tomorrow and the release of UK inflation data on Friday, and most dealers were seen to be reluctant to take out large positions ahead of these events.

■ UK gilts traded in a one-point range and analysts expect the market to remain stuck in this range until Friday's numbers. The June contract on the long gilt future went as high as 108$\frac{9}{32}$ but eased to 107$\frac{27}{32}$ in the late afternoon, down $\frac{8}{32}$ points on the day. The ceiling for the contract is widely seen to be 109.

GOVERNMENT BONDS

Dealers were also looking ahead to Friday's auction announcement by the Bank of England. Mr Ifty Islam, fixed-income analyst at Merrill Lynch, said the market expected the Bank to raise £2bn to £2½bn by re-opening the 7¾ per cent issue due 2006 or the 6¾ per cent issue due 2010.

Some analysts said the recent under-performance of Irish gilts in relation to UK gilts had prompted foreigners to move back into the Irish market. The yield on 10-year Irish gilts is now 10 basis points below UK gilts, against 30 basis points two weeks ago.

■ A weaker D-Mark and nerves ahead of the Bundesbank meeting eroded the early gains made in the German government bond market. The *June contract on the bund* future on Liffe eased 0.08 points in the late afternoon to 97.23 after a high of 97.70.

Dealers were still hopeful that the Bundesbank meeting would yield something positive for the market, either in the form of a cut in the Lombard rate or confirmation of its recent policy of nudging repo rates lower.

■ Persistent worries about the political situation in France kept the pressure on French government bonds and dealers reported that the yield spread over bunds widened to 34 basis points but tightened in to 30 basis points in the late afternoon.

The French notional bond future on the Matif eased 0.18 points to 123.64 in late trading.

■ Continued optimism that Italy would soon have a government underpinned Italian government bonds and brought the yields on 10-year paper to within 8 basis points of their Spanish counterparts.

The market was also supported by comments by the Bank of Italy governor, Mr Antonio Fazio, that the lower yields at Monday's Treasury bill auctions signalled a resumption in the downward trend in Italian interest rates.

The June contract of the Italian government bond future on Liffe stood 0.02 points higher at 114.48 in the late afternoon, off the day's high of 115.10.

■ Spanish government bonds outperformed other European markets but also lost steam towards the close. The market is looking to today's Bank of Spain repo tender, which could result in lower rates. Spanish inflation and unemployment figures are also due this week.

The Spanish bond future went as high as 101.05 before easing to 100.58 in the late afternoon, for a gain of 0.18 points on the day.

Mexico to go ahead with Telmex issue

By Damian Fraser and Stephen Fidler in Guadalajara

The Mexican government is planning to go ahead with an important privatisation offering in the international markets, in spite of recent turbulence in the country's financial markets.

Mr Guillermo Ortiz, deputy finance minister, said that an offering of about $500m in convertible bonds covering the government's remaining stake in Telmex, the national telephone company, could be offered "soon".

He said that the turmoil in Mexico's markets that followed the recent rise in US bond yields and the assassination last month of ruling party presidential candidate Mr Luis Donaldo Colosio appeared to be coming to an end.

He added that over the last four days capital outflows have slowed significantly and central bank foreign exchange reserves are close to the level at the end of last year, when they stood at more than $24bn. Financial analysts believe reserves peaked at just over $30bn in February.

The government has, however, decided to postpone a planned $1.5bn to $2bn offering of its remaining equity in Bancomer, the country's second largest bank, and more than $500m of bonds backed by revenues from a state-owned toll road. "We are not desperate for money," Mr Ortiz said.

The Telmex offering is being managed by Merrill Lynch. As a convertible bond issue, offering regular interest payments if the share price does not rise, it should be easier to place in a falling market than a straight share issue. Mexico's stock market has lost nearly a quarter of its value since the high in early February, although Telmex shares have held up better than the average.

Mr Ortiz said the government would not seek to revive Mexico's stagnant economy through an increase in public spending, arguing that the impact of a loosening of fiscal policy would in any case be felt after August's elections. The government therefore intends to run, as planned, a balanced budget this year.

Mr Ortiz added that he believed that interest rates were close to or at their peak. Short-term interest rates on government paper rose to 14.81 per cent last week.

EBRD reopens Ecu sector with benchmark global offering

By Conner Middelmann

The European Bank for Reconstruction and Development issued its first global Ecu bond yesterday, taking advantage of an advantageous funding opportunity and investor demand for Ecu.

The bank issued Ecu500m of 6 per cent five-year bonds via joint leads Banque Paribas and Goldman Sachs International.

After a difficult period for the Ecu market, "we tried to reopen the market by providing paper with a current coupon and in large size with a global format," said Mr Louis de Montpellier, head of funding at the EBRD. He added that the deal provided an opportunity to launch a large benchmark issue while achieving good floating-rate costs after the swap.

Although most dealers welcomed the name, timing and maturity of the deal, they felt its pricing was too tight. At issue, the bonds yielded 6 basis points below the French government's Ecu BTAN. "BTAN flat would have generated more interest – it's been a slow seller," said a trader.

But the lead managers, who between them took close to Ecu400m of the issue, reported healthy demand. "We're seeing investors cautiously returning to the market," said one official, adding that large Ecu bond redemptions and interest-payments have boosted demand for fresh supply.

INTERNATIONAL BONDS

The Eurodollar market, which has lain dormant for weeks, came back to life with a $400m three-year bond issue for American Telephone and Telegraph.

Uncertainty over the direction of US interest rates has kept issuers and investors sidelined for weeks, but those worries have calmed in recent days and some investors are seen to be more willing to test the waters.

"Last week, we saw a fair amount of money going into the short end and we decided to look for a good-quality name with a short maturity to reopen the market," said a syndicate official at lead manager CS First Boston.

According to another trader, AT&T is a popular retail name. "Although it's double-A rated, it trades like triple-A paper," he said. The 6⅛ per cent coupon was a further attraction for retail investors.

At their 99.79 fixed re-offer price the bonds yielded 25 basis points above the US Treasury note. Aided by a firmer Treasuries market, they closed at 99.83 bid while the spread remained steady.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
AT&T	400	6.125	99.79R	Apr.1997	0.225R	+25 (4¾%-97)	CS First Boston
D-MARKS							
Depfa‡	1bn	(a)	100.06	May.1999	0.20	-	DG Bank
ITALIAN LIRE							
Landesbank Rheinland Pfalz(b)	200bn	8.25	101.45	Jun.1998	1.625	-	IMI Luxembourg
ECUS							
EBRD(c)	500	6.00	99.20R	May.1999	0.25R	-6 (5%-99)	Bq.Paribas/Goldman Sachs
DRACHMAS							
Bayerische Vereinsbank O'seas	10bn	15.50	100.625	May.1997	1.375	-	Bayerische Vereinsbank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) 3-mth Libor flat. b) Long 1st coupon. c) Spread relates to French BTANs.

Bayerische Vereinsbank Overseas Finance was the first non-supranational to tap the Greek drachma market, issuing Dr10bn of 15½ per cent three-year Eurobonds. Lead manager Bayerische Vereinsbank reported good demand from institutional and retail investors attracted by the high coupon.

Landesbank Rheinland-Pfalz made its first foray into the Eurolira market, issuing L200bn of 8¼ per cent four-year bonds. Although the sector has seen steady issuance recently, lead manager IMI Bank reported demand from investors betting on falling Italian interest rates and currency appreciation. The bonds ended at 99.85 bid, just inside fees.

Depfa, the German mortgage bank, issued DM1bn of five-year floating-rate notes paying three-month Libor flat. Others poised to tap the D-Mark market, including L-Bank, the World Bank and Belgium, remained in the wings, presumably awaiting tomorrow's Bundesbank meeting.

Dax volatility index planned

By Tracy Corrigan

The Deutsche Terminbörse (DTB), Germany's futures and options exchange, plans to publish a volatility index, which will measure implied volatility in the Dax (German stock) index options market.

The index "will make the complexities of price calculation in the derivative markets even more transparent," according to the exchange.

The new index will show, for example, that DTB market participants expect a 200-point rise or fall in the index within the next four months. Option prices are based on market participants' estimation of assumed future volatility.

● Options trading on the Italian futures market (MIF) has been put back at least a week because of technical problems, Reuter reports from Milan.

Screen-based options trading on Italian fixed-rate bonds (BTPs) was due to start on April 15 but will now start on April 22 or April 29.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	109.2800	+0.360	8.06	8.20	7.27
Belgium		7.250	04/04	101.0700	+0.210	7.10	7.15	7.10
Canada *		6.500	06/04	89.8500	+0.550	7.98	8.22	7.57
Denmark		7.000	12/04	101.1500	–0.050	6.84	6.87	6.62
France	BTAN	8.000	05/98	107.2200	+0.111	5.76	5.76	5.70
	OAT	5.500	04/04	92.8400	+0.090	6.49	6.48	6.38
Germany		6.000	09/03	98.8000	+0.010	6.17	6.29	6.31
Italy		8.500	01/04	98.9000	+0.500	6.67†	8.92	9.23
Japan	No 119	4.800	06/99	105.4800	–0.190	3.55	3.26	3.63
	No 157	4.500	06/03	102.9430	+0.410	4.06	3.84	3.94
Netherlands		5.750	01/04	95.5600	+0.060	6.37	6.39	6.27
Spain		10.500	10/03	110.6000	+0.150	8.79	9.01	8.94
UK Gilts		6.000	08/99	95–01	–1/32	7.14	7.17	6.65
		6.750	11/04	94–06	–8/32	7.56	7.54	7.30
		9.000	10/08	110–28	–10/32	7.74	7.75	7.40
US Treasury *		5.875	02/04	92–25	+13/32	6.90	7.01	6.53
		6.250	08/23	88–05	+17/32	7.23	7.30	7.00
ECU (French Govt)		6.000	04/04	93.7200	+0.100	6.89	6.92	6.61

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	3.55	Two year	5.41
Prime rate	6¼	Two month	3.58	Three year	5.85
Broker loan rate	5	Three month	3.66	Five year	6.46
Fed.funds	3⅝	Six month	4.13	10-year	6.81
Fed.funds at intervention	-	One year	4.67	30-year	7.24

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	123.78	123.58	+0.12	124.00	123.58	182,024	117,346
Sep	123.02	122.84	+0.12	123.20	122.94	2,749	12,467
Dec	122.38	122.14	+0.12	122.48	122.38	118	196

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
123	1.04	1.48	1.72	0.40	0.77	1.79
124	0.47	0.85	-	0.83	1.22	-
125	0.15	0.44	-	-	1.80	2.94
126	0.05	0.21	-	-	2.55	-
127	-	0.10	0.37	-	3.43	-

Est. vol. total, Calls 36,136 Puts 34,481. Previous day's open int., Calls 353,484 Puts 258,171.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	97.59	97.14	-0.17	97.70	97.13	140272	208008
Sep	97.28	96.83	-0.17	97.32	97.22	172	5752

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9700	0.89	1.24	0.75	1.41
9750	0.63	1.00	0.99	1.67
9800	0.44	0.78	1.30	1.95

Est. vol. total, Calls 14395 Puts 13278. Previous day's open int., Calls 285871 Puts 236434

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	101.33	101.12	-0.08	101.33	101.16	240	2232

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	115.00	114.50	+0.04	115.10	114.32	43056	84785
Sep	114.50	114.13	+0.05	114.50	114.35	303	1384

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11450	1.52	2.42	1.52	2.79
11500	1.24	2.20	1.74	3.07
11550	1.05	1.99	2.05	3.36

Est. vol. total, Calls 2127 Puts 2311. Previous day's open int., Calls 77498 Puts 74426

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	100.50	100.59	+0.18	101.05	100.25	56,892	100,945
Sep	100.30	100.20	+0.32	100.30	100.30	96	104

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	108-19	107-27	-0-08	108-25	107-25	82462	151601
Sep		106-30	-0-08			0	107

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
107	2-05	2-43	1-15	2-47
108	1-35	2-13	1-45	3-17
109	1-07	1-52	2-17	3-56

Est. vol. total, Calls 1498 Puts 3051. Previous day's open int., Calls 89073 Puts 69822

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	90.20	90.08	+0.10	90.34	90.08	2,837	6,904

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	105-08	105-08	+0-02	105-18	105-04	259,481	400,887
Sep	104-08	104-10	+0-02	104-20	104-07	1,004	44,043
Dec	103-23	103-21	+0-05	103-23	103-17	178	31,135

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	111.15			111.40	111.13	2418	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Apr 12	Day's change %	Mon Apr 11	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	124.37	+0.04	124.33	1.53	3.47
2 5-15 years (24)	148.46	–0.04	148.63	1.89	4.14
3 Over 15 years (9)	167.99	+0.02	167.95	1.93	3.53
4 Irredeemables (6)	194.63	+0.46	193.74	3.87	1.47
5 All stocks (62)	144.83	;	144.88	1.80	3.82
Index-linked					
6 Up to 5 years (2)	184.82	+0.02	184.77	0.13	2.55
7 Over 5 years (11)	180.00	+0.26	179.54	0.92	1.29
8 All stocks (13)	179.61	+0.24	179.19	0.84	1.41
Debentures and Loans					
9 Debs & Loans (73)	135.86	+0.13	135.68	1.85	3.76

	Low coupon yield Apr 12	Apr 11	Yr. ago	Medium coupon yield Apr 12	Apr 11	Yr. ago	High coupon yield Apr 12	Apr 11	Yr. ago
5 yrs	7.19	7.16	6.65	7.40	7.39	6.90	7.53	7.53	7.11
15 yrs	7.63	7.62	7.66	7.73	7.72	8.09	7.99	7.99	8.34
20 yrs	7.68	7.71	7.90	7.73	7.72	8.23	7.91	7.92	8.40
Irred.†	7.82	7.86	8.29						

	Inflation 5% Apr 12	Apr 11	Yr. ago	Inflation 10% Apr 12	Apr 11	Yr. ago
Up to 5 yrs	3.31	3.31	2.27	2.42	2.42	1.43
Over 5 yrs	3.42	3.45	3.41	3.26	3.28	3.24

	5 year yield Apr 12	Apr 11	Yr. ago	15 year yield Apr 12	Apr 11	Yr. ago	25 year yield Apr 12	Apr 11	Yr. ago
Debs & Loans	8.78	8.74	8.57	8.81	8.81	9.18	8.84	8.85	9.40

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 12	Apr 11	Apr 8	Apr 7	Apr 6	Yr ago	High*	Low*
Govt. Secs. (UK)	97.39	97.29	96.72	97.20	97.60	97.60	107.04	98.30
Fixed Interest	117.29	117.00	116.79	117.27	116.31	113.02	133.87	115.14

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Apr 11	Apr 8	Apr 7	Apr 6	Apr 5
Gilt Edged bargains	84.0	94.4	85.5	100.7	102.0
5-day average	93.3	97.1	104.6	112.0	111.6

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 12

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	92⅞	93⅛	+⅛	7.61
AlbertaProvince 9⅜ 95	600	105¼	105½		5.67
Austria 8½ 00	400	106⅞	107	+⅛	7.06
Bank of Tokyo 8⅜ 96	100	104	104⅜	–⅛	6.15
United Kingdom 7⅛ 97	5500	104⅛	104½		5.71
Volkswagen Intl Fin 7 03	1000	101⅜	101⅞	+¼	6.79
World Bank 0 15	2000	27⅛	27⅝	+½	6.16
World Bank 5⅞ 03	3000	98½	98⅞		6.37
World Bank 8⅜ 00	1250	114	114⅜	+⅛	5.92
Abbey Natl Treasury 8 03 £	1000	98¼	98½		8.26
Alliance Leics 11⅜ 97 £	100	110⅝	111⅛		7.37
British Land 8⅞ 23 £	150	92⅞	93⅜	–⅛	9.64
EIB 10 97 £	637	107⅛	107⅜	–⅛	7.09
Halifax 10⅜ 97 £	100	107⅝	108⅛	–⅛	7.34
[illegible]					

UK GILTS PRICES

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COMPANY NEWS: UK

Scottish TV rises 21% to £13m

By Raymond Snoddy

Scottish Television hopes to avoid the takeover wars in ITV. It has no intention of trying to acquire Grampian Television, its Scottish neighbour, and will in turn resist being taken over itself.

The declaration of independence came yesterday from Mr Bill Brown, its chairman, and Mr Gus Macdonald, managing director, as they announced a 21 per cent increase to £13m in pre-tax profits in the year to end-December 1993.

There has long been speculation that Scottish might move against Aberdeen-based Grampian, but Mr Macdonald said yesterday it made no sense "to risk a civil war in *Scotland" simply to* add Grampian's 1 per cent of ITV advertising revenue to Scottish Television's 5 per cent.

The two executives suggested, however, that they might be interested in talking to a potential minority investor who could open doors internationally for Scottish or give the company a stake in cable or satellite television.

"We would look very closely at a proposition of that kind, but we are not out looking for that kind of liaison," said Mr Brown, who added that the company's main ambition was to increase its programme making.

The increase in profits, which Mr Brown called "a sparkling performance", came from turnover on continuing operations marginally down on 1992 – £125m compared with £126m.

Earnings per share rose by 29 per cent to 21.29p (16.54p) and the proposed final dividend is 10.2539p, making 12.4102p (9.9281p) for the year.

*Profits were boosted by con*tinued cost cutting and savings from previous redundancies – staff numbers have fallen from 800 to 350 in the past five years – and increased sales of programmes to the ITV network.

Gus Macdonald: hoping to avoid the ITV takeover wars

Scottish has just won another 13 episodes of the relaunch of the drama series, Dr Finlay.

In its first year as a separate subsidiary the company's network programme arm, Scottish Television Enterprises, increased sales by 60 per cent from £22.1m to £35.2m.

The shares fell 22p to 482p, mainly because a number of analysts were forecasting higher profit figures. Some may not have taken into account the £6m spent on 300 hours of local programmes.

The company's outplacement agency, Pauline Hyde & Associates, managed only £104,000 profit on turnover of £12.1m and in the medium term the company will be sold or floated.

Scottish believes that GMTV, the breakfast station in which it has a 20 per cent stake, is now heading for breakeven this year.

C&W to cut staff in £20m cost saving plan

By David Wighton

Cable and Wireless, the international telecommunications group, is hoping to save £20m a year by cutting the size of its London headquarters.

The headcount in corporate departments will be reduced from 130 to 80 and there will be unspecified cuts among the 300 London-based staff who manage the group's overseas operations.

The move reflects the decision by Mr James Ross, chief executive, to change the group from a traditional centralised structure to an "international alliance" of companies.

In a letter to London-based employees Mr Ross said: "The regional businesses and offices will be refocused to move the group closer to the customer, to deploy their skills across company and national boundaries and to develop new business opportunities."

The work of central service departments will be moved into the businesses or outsourced.

The cuts in the London-based regional staff have not yet been finalised but employees will be informed by the end of the month.

A large part of the projected savings will be generated by *reducing the number of London offices the group occupies,* though it will be retaining its refurbished headquarters in Theobald's Road.

The company declined to say which central services would be affected but cuts are likely to involve departments such as personnel, pensions, and accounting.

It is thought that posts will *be cut up to, but not including,* C&W's top dozen managers.

The letter to employees says that a "substantial" number of those staff affected will be offered other posts within the group but stresses that plans are at too early a stage to allow estimates of redundancies to be made.

C&W has 12,000 staff in the UK, out of a worldwide work*force of 40,000, of which 10,000* are employed by Mercury Communications.

Yule Catto shares ahead despite earnings setback

By David Wighton

Yule Catto, the chemicals and building products group, saw its shares jump 24p to 299p yesterday despite recording its first fall in earnings per share since 1980.

Pre-tax profits for 1993 fell from £22.2m to £18.2m but the underlying performance was better than analysts had expected and the company made optimistic comments about the current year.

Lord Catto, chairman, said prospects for the building product companies, mainly in continental Europe, were encouraging though it was too early to determine whether a sustained recovery was under way.

Referring to the group as a whole he said: "The current year has started well with operating results ahead of our internal targets and the corresponding period of 1993."

Last year's figures were marred by the closure of the Dutch building facades company, acquired for £3m in 1987. Excluding the £2.26m provision for costs of closure and a £1.42m goodwill write-off, operating profits were little changed at £24.2m (£24.3m).

The 1993 operating figure included £1.84m from speciality chemicals acquisitions, which, after financing costs and minorities, made a small contribution to earnings.

Earnings per share fell from 16p to 11.6p, partly reflecting the effects of the rights issue. A proposed final dividend of 3.65p makes a total for the year of 6.25p (5.9p).

The speciality chemicals business, a leading supplier of natural and synthetic rubber, turned in record profits of £21.1m, up £2.3m, thanks to the acquisitions and "good performances across the board".

The building products companies, which are linked mainly to commercial construction and maintenance in continental Europe, saw profits fall by £2.5m to £5m; but that was after charging higher redundancy costs which analysts estimated at £1m.

● **COMMENT**

These figures may have spoilt Yule Catto's record but behind the Dutch facade the figures were still better than expected with some encouraging pointers for the current year. The chemicals companies are continuing to perform well and with rationalisation of the building products side now largely behind it profits should recover this year. Boosted by the rights issue cash profits could reach £30m, which puts the shares on a forward multiple of about 16, an undeserved discount to the sector.

Ross loss but takes stake in China venture

By Paul Taylor

Ross Group, the consumer products and technical services company, is acquiring an initial 25 per cent stake in Accom Industrial, a wire, telephone accessory cable and power supply manufacturer based in Guangdong, southern China.

Ross also announced a pretax loss of £1.64m for 1993 after a restructuring charge of £3.5m, compared with pre-tax profits of £4.44m the previous year. Turnover rose by 18 per cent to £60.9m.

Losses of 1.13p per share compared with earnings per share of 2.45p in 1992. A reduced final dividend of 0.2p makes a total of 0.4p (0.45p).

Accom has 300 employees and net assets of about HK$30m (£2.6m) and is expected to make after-tax profits at least HK$12.5m this year and next. It is 68 per cent owned by Tomei, one of Hong Kong's leading consumer electronics manufactures.

Tomei sold two small Hong Kong companies to Ross last *autumn for £4m. It will hold* some 14 per cent of Ross following the deal.

Walker Greenbank tops £7m

By Paul Taylor

A steady improvement in domestic demand over the past six months and a 35 per cent increase in overseas sales helped Walker Greenbank, the fabrics and wallcoverings group, report higher full-year profits yesterday.

Pre-tax profits in the year to January 31 increased by 7.7 per cent to £7.08m, from a restated £6.57m the previous year when profits were flattered by one-off items resulting in a net gain of £953,000. Pre-tax profits on a continuing basis increased by 17 per cent.

Earnings per share slipped to 5.1p (5.3p) reflecting a higher tax charge of £2.13m (£1.63m) and increased dividend payments of £3.28m (£2.94m). However, earnings per share on a continuing basis increased by 14 per cent from 4.49p to 5.1p.

The final dividend is raised to 2.1p (1.9p) making a total for the year of 3.3p (3.1p).

Turnover grew by 10 per cent to £62m (£56.2m), including £2.18m from acquisitions. Overseas sales contributed £16.1m (£12m) and now represent 26 per cent of total turnover, up from just 5 per cent four years ago. Sales of core fabrics and wallcoverings improved 19 per cent to £59.9m (£50.2m).

Operating profits before exceptionals increased 19.5 per cent to £7.34m, against £6.14m the previous year when the figure was depressed by the £381,000 losses at Bloom Signs, since sold. The underlying improvement in operating profits reflected advances in both the commercial and consumer divisions.

Interest costs fell to £258,000 (£520,000) and the group ended the period with net debt of £700,000 (£2.9m), equivalent to gearing of 2.4 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Blockleys	fin	0.5	July 1	0.5	1	1
Bostrom	fin	3.5	June 3	3.5	6	6
Dewhirst	fin	1.05	July 1	0.68	1.45	1
Dolphin Pack	fin	2.8	May 26	2.8	4.5	4.5
Erith	fin	0.65	May 26	nil	1	0.35
Ferrum	fin	nil	-	1.4	nil	2.5
Five Oaks Inv	int	0.2	May 27	nil	-	nil
FR	fin	5.1†	July 8	4.74	7.56	7.2
Lopex	fin	0.25	May 27	nil	0.25	nil
Ross	fin	0.2†	Aug 26	0.45	0.4	0.65
Scottish TV	fin	10.2539	June 2	8.2031	12.4102	9.9281
Tesco	fin	5.3	July 1	4.85	7.75	7.1
Walker Greenbank	fin	2.1	July 5	1.9	3.3	3.1
Yule Catto	fin	3.65†	July 5	3.4	6.25	5.9

Dividends shown pence per share net. †On increased capital.

Lopex £502,000 in the black

A turnround in the UK helped Lopex, the advertising and marketing services company, achieve pre-tax profits of £502,000 for the 1993 year, against losses of £372,000 in the previous 12 months, restated for FRS 3.

The result was struck after a £327,000 deficit on the disposal of Alliance, the lossmaking London advertising agency.

Turnover increased by 2 per cent to £142.4m.

The company is returning to the dividend list for the first time since 1990 with a proposed final of 0.25p, payable from earnings of 0.3p (losses of 2.53p) per share.

Ferrum expands as losses fall

By Tim Burt

Ferrum Holdings, the lossmaking engineering group, yesterday said it was acquiring Chalcon Group, a Midlands plating business, as part of a wide-ranging restructuring and expansion plan.

The company is funding the all-paper transaction by issuing 7.55m shares worth £3.4m, and has invited Mr Mike Akers, chairman of Chalcon, to take over as chief executive of the enlarged group.

It is also raising £5m via a rights issue involving 11.1m new shares at 45p each, which after consolidation would be offered to shareholders on a 1-for-5 basis.

Mr Garry Frier, Ferrum's current chief executive, has agreed to stand down and is expected to receive £150,000 compensation. He leaves behind him a company which cut its 1993 losses from £3.64m to £2.8m on reduced turnover of £36.1m (£38.5m).

Losses per share came out at 8.22p (12.24p).

Mr Simon Miller, chairman, said: "The future of the enlarged group will be increasingly directed towards quality engineering businesses in niche markets."

NEWS DIGEST

Blockleys gains 19% to £419,000

Blockleys, the Telford-based pavior and brick maker, lifted 1993 pre-tax profits by 19 per cent, from £352,000 to £419,000.

Although operating profits were lower at £1.27m (£1.6m), the pre-tax result was helped by a £46,000 surplus on the sale of property and reduced interest and similar charges of £899,000 (£1.24m).

Turnover fell slightly to £9.22m (£9.3m) although for the first time in four years there was in increase in sales volume.

Earnings per share rose to 1.04p (0.73p) and a maintained final dividend of 0.5p is proposed for an unchanged 1p total.

Erith

Erith, the building materials retailer, turned losses of £557,000 to pre-tax profits of £1.09m in 1993.

Directors said the turnround was achieved against a background of continuing subdued demand for building materials "as the industry has struggled to recover from the recession".

Earnings per share were 1.74p, compared with losses of 0.82p, and the final distribution is restored with 0.65p making a 1p total (0.35p).

Five Oaks

Five Oaks Investments, the property investor and developer, swung from losses of £953,000 to profits of £655,000 pre-tax for the half year to December 31.

Turnover of continuing operations rose to £2.33m (£1.82m). Earnings were 0.8p (losses 2.04p) and dividends are resumed via an interim of 0.2p.

There was an exceptional gain of £396,000.

Flotation values Brewin Dolphin at £40m

By Simon Davies

Brewin Dolphin, one of the UK's oldest and largest private client stockbroking groups, is to be floated on the London Stock Exchange this summer. The company will be valued at up to £40m.

This follows the £7m purchase of Bell Lawrie White, Scotland's largest broker, from TSB in April 1993, a move which almost doubled its client base.

The proceeds from the flotation will be used to pay off its £4.5m of long-term bank debt and £1.1m of preference shares.

Mr John Hall, managing director, said there was no evidence of specialist private client brokerages being squeezed out from between the larger institutionally-orientated houses and the execution-only operators.

Brewin Dolphin has seen a steady increase of new clients and funds, and it remained profitable throughout the volatile market conditions of the late-1980s.

The company, which employs 420 people, made record pre-tax profits of £3.5m last year – before a £300,000 exceptional loss related to the cancellation of Taurus, the Stock Exchange's failed electronic settlement system.

With a full-year contribution from Bell Lawrie, and the pay-down of its debt, 1994 would be expected to show a marked improvement.

Brewin Dolphin maintains portfolios for 32,000 private clients and trustees, and controls £4.5bn of funds, of which £900m are held on a discretionary basis. It also owns Stocktrade, which offers an execution-only broking service to TSB branches and a number of Scottish banks.

Fergus Wilde

Sir David Rowe-Ham, chairman (left), and John Hall

It is 85 per cent owned by its directors and employees, who launched a management buy-out from its parent, Scandinavian Bank, in April 1992. Baronsmead and 3i Group are also shareholders. It is believed the buy-out valued the group at about £4m, which suggests substantial rewards for the backers.

Mr Hall said that the vast majority of employee shareholders would retain their stakes in the company. The outside institutional shareholders have also indicated that they would not sell out, he said.

There have been few other flotations of private client brokerages, but Greig Middleton, one of Brewin Dolphin's main competitors, was purchased recently by King & Shaxson, the discount house.

Greig Middleton, which has £2bn of funds under management, achieved pre-tax profits of £2.9m in the year to July 1993, and was purchased for £18.5m.

The Brewin Dolphin flotation is being sponsored by Charterhouse Bank.

Redrow forecasts record outcome

By Andrew Taylor, Construction Correspondent

Redrow, the latest of several housebuilders to pursue a stock market flotation, yesterday forecast it would make record pre-tax profits of £21m for the year ended June 30.

This would represent a 52 per cent rise on the £13.8m achieved in the previous 12 months.

The figures exclude profits and losses on sale of discontinued businesses, which would reduce the forecast figure for the current year to £18.9m.

The forecast, included in a pathfinder prospectus published yesterday, assumes a notional tax charge of only 9 per cent. This follows the acquisition last year of Costain's former housebuilding operations in south-east England which included substantial tax losses.

After all deductions the continuing businesses should be left with profits of £19.1m, directors stated.

The company, which claims to be the UK's biggest private housebuilder, is expected to be valued at about £350m under the flotation plans, which include a placing and offer for sale of up to 35 per cent of new shares to be issued.

About £50m of new shares are likely to be issued while Mr Steve Morgan, Redrow's founder, is expected to raise a further £100m by selling part of his 98 per cent stake.

The directors said they expected about 2,000 homes to have been built by the end of June. The average price of a Redrow home during the first six months of the year was £86,000 at an operating margin of 12.8 per cent.

Redrow owns 6,700 housing plots at an average cost of £11,400, or 13.3 per cent of the average sale price. Net debt of £25m compares with shareholders' funds of £68m.

Publication of the final prospectus and pricing details is due on April 28. Applications should be made by noon on May 9 with dealings due to commence on May 17.

BZW is sponsoring the issue. Brokers are Cazenove.

Dewhirst 48% ahead to £9.6m

By Peggy Hollinger

Dewhirst shares jumped 9p to 114p yesterday as the Marks and Spencer clothing supplier announced better-than-expected annual profits and rewarded shareholders with a 45 per cent increase in the dividend.

Mr Tim Dewhirst, chairman, praised the achievements made over the year to January 14, which saw a 48 per cent increase in pre-tax profits to £9.6m on sales 18 per cent higher at £214.1m. "If anyone had submitted a budget with these numbers to me I would have thought they were naive," he said.

The final dividend, which had been cut substantially in 1991, is being raised from 0.68p to 1.05p for a total of 1.45p (1p).

Margins improved from 3.9 per cent to 4.5 per cent. Mr Dewhirst was confident that the operating margin would increase again this year.

Almost three years ago, Dewhirst set out on a programme of reorganisation aimed at bringing margins to 7 per cent within five years. The company was well on target, Mr Dewhirst said.

Sales to M&S, which takes about 86 per cent of Dewhirst's turnover, increased by more than 25 per cent during the year. Sales of ladies wear rose by 42 per cent, men's wear by 21 per cent and children's clothes by 12 per cent.

The children's wear business had incurred losses last year, but was expected to breakeven in 1994 after a wide-ranging restructuring.

Mr Dewhirst said the company remained committed to being focused on supplying M&S. It would seek to grow organically by extending the range of products within M&S stores.

Total clothing profits rose by 25 per cent to £7.95m pre-tax on sales ahead from £157.2m to £188.1m.

The toiletries division more than doubled profits from £702,000 to £1.71m on sales up 8 per cent to £26m. Margins were helped by a more selective approach to customers.

● **COMMENT**

Dewhirst appears to be reaping the benefits of a new management. While many praised the work on margins it would have been suicide for Dewhirst to have done otherwise. The real achievement has been in increasing volumes. Dewhirst has gobbled up market share through improving its product range and efficiency. The main restructuring is now out of the way and 7 per cent margins may well be achieved before the self-imposed deadline. Forecasts are for £13.2m pre-tax, putting the shares on a still-attractive p/e of 16.

Link with Suter brings Danbury back to life

By Simon Davies

Danbury, the property group which went into receivership just three years after its USM placing in 1989, is to become the property management arm of Suter following an injection of properties from the industrial conglomerate.

The announcement comes less than a week after Suter announced a recommended offer for James Wilkes, the Sheffield-based engineering group.

Danbury – to be renamed Wedderburn Securities – will be 26 per cent-owned by Suter and plans to manage the conglomerate's vacant and underutilised properties.

Mr Jon Pither, deputy chairman of Suter, said his company had up to £10m in vacant land and properties, which could be sold to Danbury at a later stage. He added that Suter would be a long-term investor and that he was to become non-executive chairman.

Danbury's share quote was cancelled last September after its banks had decided not to forward any more loans to keep it afloat, amid sinking property prices.

Under a Company Voluntary Arrangement, it is to be freed from all previous debt obligations by paying £158,000 to creditors, which were owed a total of £10.3m.

It is to place out 5.09m shares and launch an open offer for the same number at 15p a share. Danbury is paying £1.5m for Suter's sheltered housing interests, and a further £320,000 for an option on a 32 acre site at Braintree, Essex. It would cost a further £2.56m to take up the option. Suter will receive £700,000 in cash and 7.27m shares.

Mr Stephen Sibley, Danbury's managing director, has acted as consultant for Suter's planned development of a superstore on a 10 acre site adjoining the Braintree land.

Danbury will have net assets of only £2.3m following the transaction. Trading in the shares is expected to resume on May 9 under Stock Exchange Rule 535 (2).

DRS coming to market with expected £40m tag

By Paul Taylor

DRS, the scanning equipment manufacturer, is coming to market through a placing with institutional investors.

The placing is likely to value the Milton Keynes-based group, which has grown quickly in the last three years, at about £40m and raise between £10m and £15m of new money.

Mr Malcolm Brighton, managing director who founded DRS 25 years ago, said the proceeds would be used mainly to further expand overseas sales and fund new product developments.

"We want to do in other countries and other sectors what we have done in the UK," he said.

The company supplies the fast-growing market for scanners which can capture handwritten data, such as ticks on multiple-choice forms, for processing by computers.

DRS began as a computer bureau in-putting computer data on behalf of customers. More recently the group developed specialist optical mark reading and optical character reading equipment.

Malcolm Brighton: planning further overseas growth

The group now manufactures OMR and OCR hardware and develops software to link these devices to personal computers and main frames. It also designs and prints forms for customers collecting large amounts of data, such as education authorities and the British Market Research Bureau, and operates a bureau service for analysing the results.

Sales and profits have grown rapidly since the group began its own manufacturing operations at the end of the 1980s. Last year pre-tax profits increased from £1.69m to £2.96m on turnover ahead by 48 per cent to £11.6m (£7.81m) fuelled by expanding sales to education and health establishments in particular. The group has no debt.

DRS exports to about 15 countries, but would like to expand into other markets, including the US. It is also considering expansion into other image processing markets.

The markets for its services and equipment have been growing rapidly as organisations in both the private and public sectors increase the amount of data and information they collect but are struggling to cut time and costs from the data processing chain.

About 30 per cent of the enlarged capital is expected to be placed with institutional investors. The executive directors, who currently hold about 72 per cent of the shares, will still hold a majority stake after flotation.

Allied Radio in £1.55m rights and restructure

Allied Radio, broadcaster to Surrey, Sussex and Hampshire, yesterday gave details of the £1.55m rights issue and capital restructure foreshadowed last week.

It also reported results for the year to end-September showing turnover of £3.75m (£4.55m), including continuing operations static at £3m, while losses at the pre-tax level were £1.9m (£1.72m). Losses per share were 4.1p (3.4p).

The rights issue is of 33.3m new 0.5p shares at 6p on the basis of 3.61 new shares for every 10 existing 25p ordinary held and 2.872 new shares for every £1 nominal of outstanding loan stock.

It is planned to exchange each £1 of outstanding loan stock for 10 new ordinaries with the cancellation of interest on the loan stock from October 1 1993.

The existing 25p ordinary shares are to be converted into one new 0.5p ordinary and 49 deferred of 0.5p. The deferred will be cancelled and the balance, together with the share premium account, will be used to write off the deficit on the p and l account, and the existing goodwill – £7.2m and £8.5m respectively at end-September.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 13.04.94: Pool purchase price £/MWh	Firm Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.11	10.83	10.83
0100	10.95	15.52	15.52
0130	16.85	15.56	15.56
0200	24.76	15.56	15.56
0230	49.00	15.50	15.50
0300	49.00	15.50	15.50
0330	45.31	15.50	15.50
0400	24.76	10.81	10.81
0430	23.53	10.82	10.82
0500	16.80	10.82	10.82
0530	16.70	10.95	10.95
0600	16.70	10.96	10.96
0630	16.80	10.97	10.97
0700	23.14	15.60	15.60
0730	25.91	14.29	17.02
0800	31.26	14.64	17.37
0830	46.11	14.64	17.37
0900	48.36	14.66	17.39
0930	49.01	14.66	17.40
1000	48.11	14.67	17.40
1030	47.96	14.67	17.40
1100	46.65	14.67	17.41
1130	34.12	16.26	19.00
1200	33.73	16.27	19.01
1230	33.24	16.26	19.00
1300	32.64	16.23	18.97
1330	31.88	14.64	17.37
1400	30.02	14.29	17.02
1430	28.90	14.29	17.02
1500	28.88	14.29	17.02
1530	28.88	13.67	16.40
1600	28.91	14.29	17.02
1630	28.00	14.64	17.37
1700	52.88	14.30	17.03
1730	52.82	14.65	17.38
1800	52.67	14.66	17.39
1830	27.72	16.33	19.10
1900	25.79	16.29	19.08
1930	25.78	16.42	19.20
2000	25.78	16.30	19.06
2030	34.17	16.32	18.95
2100	48.30	14.04	17.38
2130	48.29	15.07	15.07
2200	48.29	15.03	15.03
2230	38.41	15.58	15.58
2300	25.78	10.97	10.97
2330	22.38	10.89	10.89
2400	16.75	10.84	10.84

Prices are determined for every half hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.95/MWh becomes 1.895p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of [illegible] Limited

Profits fall 11% to £21m but prospects described as 'encouraging'

FR share boost on dividend rise

By Tim Burt

Shares in FR Group rose 25p to 290p yesterday after the manufacturer of in-flight refuelling equipment surprised the market with a 7.6 per cent dividend increase despite falling profits.

Mr Gordon Page, chief executive, said that encouraging prospects and a number of firm orders had persuaded the company to increase its final dividend to 5.1p (4.74p) – making 7.56p (7.2p) for the year ended December 31 – even though pre-tax profits fell by 11 per cent, from £23.6m to £21m.

He blamed the downturn on problems at three subsidiaries affected by shrinking sales and production difficulties.

Of the subsidiaries, Flight Refuelling, the largest company in the group, was hit by procurement delays which forced the company to embark on a wide-ranging restructuring, involving a 30 per cent cut in the workforce to 820.

In the Netherlands, the company closed part of its Markhorst business as demand dried up for ammunition containers.

In the US, the entire senior management of Stanley Aviation, the engine equipment supplier, was replaced following prolonged technical problems on orders for McDonnell Douglas.

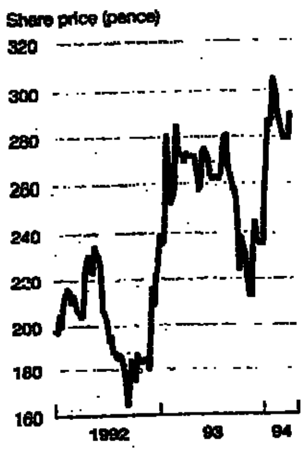
Together, these subsidiaries contributed to falling turnover on continuing operations, although new acquisitions lifted total sales to £185.4m (£182.8m).

Earnings per share fell from a restated 21.74p to 18.23p, and losses overseas led to an increase in the overall tax charge to 35 per cent.

Nevertheless, Mr Page said an increased dividend was justified by recent orders and improved efficiency following the restructuring of subsidiary operations.

FR Group

Share price (pence)



Source: FT Graphite

Those prospects were enhanced yesterday by the announcement of three contracts involving a $12m (£8.2m) order from McDonnell Douglas for refuelling equipment; a £4m component deal with Westland Helicopters; and a £12m order from Saab for aircraft environmental control systems.

● COMMENT

Few suppliers of aerospace or defence equipment are crowing about prospects, but FR at least has grounds to be optimistic. It has weathered one of the industry's worst recessions and has now begun to pick up contracts – albeit deferred ones – to shore up this year's profits. With orders worth £300m under its belt, it can now turn its attention to the disposal of Markhorst and complete the renegotiations of Stanley Aviation's complex contract with the US Air Force. It has also brought three new aerospace subsidiaries under its wing which should help profits increase this year to about £24.5m. On a forward multiple of 12.3, the shares appear attractive, although constraints on civil and military spending could yet delay take-off.

UK new issue activity rises 35%

By Sara Webb

New issue activity in the UK jumped by 35 per cent in the first quarter of 1994, with a total of £6.35bn raised by companies, according to figures compiled by IFR Securities Data.

Initial public offerings accounted for 39 per cent of the amount raised, with 39 floats raising £2.46bn. The IPO figures include the £413m flotation of House of Fraser, the department store group, and the £463m public offer of shares in Beazer Homes, the UK's fourth largest housebuilder, floated by Hanson.

"If present trends continue, 1994 will surely surpass 1993. With continued low levels of inflation and interest rates, institutions will be looking for the higher yields which new issues often return," said Mr John Walter of IFR.

Rights issues raised £2.26bn, or 36 per cent of the total volume in the first quarter, with large issues announced by Allied-Lyons, the food and drinks group, and by GKN, the engineering and industrial services group.

"Rights issues, which dominated the landscape in 1993, have become less popular," Mr Walter pointed out.

SG Warburg remained at the top of the underwriting league table with volume of more than £1.2bn.

Dolphin Packaging leaps 63%

Dolphin Packaging, which supplies its products mainly to the food industry, consolidated its advance at the interim stage with a strong second half, and reported a 63 per cent improvement for the 1993 year.

On turnover up by £610,000 to £26.3m, pre-tax profits rose by almost £1m to £2.46m.

Mr Moger Woolley, chairman, said the advance had been achieved despite continued price pressures and product changes in all the group's markets, and while turnover had risen by only 2.5 per cent, volume and tonnage had increased by some 10 per cent.

The group continued to generate cash, Mr Woolley said, with the net figure rising by £378,000 to £2.38m at the year end.

A same-again final dividend of 2.8p is proposed to maintain the total at 4.5p.

The dividend is covered 1.7 times by earnings per share up by 48 per cent to 7.72p (5.22p).

Year of change at Hemingway

Hemingway Properties underwent significant change in 1993. Although the pre-tax loss was only cut from £855,000 to £837,000, net assets per share improved from 26.1p to 31.1p.

Having started the year with 90 per cent of its portfolio represented by London offices, it ended with 40 per cent industrial and 29 per cent retail and a wider geographical spread.

The group made two purchases totalling £65.2m, funded by issues of shares, loan stock and debentures, and sold an interest in a London property for £21.8m. It also sold two of its acquired properties to show a surplus of £490,000.

Mr Stanislas Yassukovich, chairman, said that rental income in the present year "should comfortably exceed interest payable and administrative expenses".

Gross rental income was £4.82m (£4.19m). Losses per share were 1.07p (1.57p).

Acquisitions help lift Bostrom to £2.03m

By Tim Burt

Profits at Bostrom more than doubled last year as the vehicle components and specialist engineering group enjoyed contributions from recent acquisitions and first-time gains by its seating joint venture.

The Northampton-based company saw pre-tax profits jump from £919,000 to £2.03m following a 46 per cent increase in turnover from £34.3m to £50m, including £7.94m from acquisitions, in the year to December 31.

The improvement was underpinned by full year contributions from three recently-acquired subsidiaries – dominated by AJW Holdings – which lifted operating profits in the pressings division to £721,000 (£196,000).

Their contribution offset a flat performance in the vehicle seating division and continued, though reduced, losses in specialist engineering.

Mr Colin Howell, managing director, said the unchanged £1.89m profit in the seating business would have increased had it not been for £200,000 of legal costs in the US, where it ceased distributor operations, and increased research and development spending.

Losses in the engineering division were reduced from £525,000 to £182,000 as it benefited from restructuring and reorganisation in 1992.

Predicting a better performance this year from all three divisions, Mr Howell cited the turnround at Bertrand Faure Automotive, the car seat joint venture, where rising demand from Jaguar transformed a £99,000 loss into a £296,000 profit, as evidence of the group's healthy prospects.

The earnings rise – from 9p to 11.4p – was held back by a £245,000 tax charge (£334,000 credit), although the 1993 rate was just 12 per cent helped by using tax losses.

The proposed final dividend is held at 2.5p for an unchanged total of 6p.

£5m tennis club for David Lloyd

Shares in David Lloyd Leisure rose 17p to 234p yesterday as the company announced it had acquired a 7.5 acre freehold site near Sutton Coldfield, Birmingham.

The site, which is located close to Junction 7 of the M6, has planning permission for a tennis and fitness club similar to the company's latest facility at Renfrew, Glasgow.

Construction will start immediately and is expected to be completed by February 1995 at an estimated cost, including fitting out, of £5m.

LEGAL NOTICES

No. 001412 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF SPECIALITY SHOPS PUBLIC LIMITED COMPANY
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 30th March 1994 confirming the reduction of the capital of the above-named Company from £30,462,710.50 to £6,898,649.80 and the reduction of the Company's share premium account by £3,171,082.60 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 30th March 1994.

DATED this 13th day of April 1994.
FRERE CHOLMELEY BISCHOFF
4 John Carpenter Street
London EC4Y 0NH
Ref: RMT/IMC
Solicitors for the above-named Company

COMMODITIES AND AGRICULTURE

France settles for a draw in fight over fish imports

By David Gardner in Luxembourg

France yesterday got a little further in its efforts to get the EU to set up a crisis regime for the European fishing industry and clamp down on fish imports

Last month, Paris bludgeoned the European Commission into a two-month extension until mid-May of minimum import prices for white-fish and Atlantic salmon by threatening to veto Norway's entry into the Union next year. But after that signal victory, yesterday's encounter of EU fisheries ministers was more like a score-draw.

Seven member states supported France. But the UK, Germany, Holland and Denmark – major importers of fish for their processing industries – formed an alliance to block French demands until they were well diluted.

France said that the 30 per cent fall in white-fish prices earlier this year, which led to serious riots by Breton fishermen, was without precedent. It wanted tighter health and veterinary controls on imports, which moreover should only be landed at designated ports, and to subject incoming fish to the minimum price regimes set by local fishermen's associations. It has already been holding up fish imports, especially from Russia, the Ukraine, Poland and the US, through zealous health inspections.

France was able to claim that it had won its demands when Germany lifted its objections, leaving the British, Dutch and Danes to be outvoted. But the price of Bonn's switch is that the new controls will apply only to fresh fish, thereby excluding the majority of imported fish, which is brought in for processing.

The new regime start on May 15 and will be reviewed after two years, during which regional fishermen's associations will be able to raise prices to a maximum of 10 per cent over the EU reference price, provided the increase applies to both EU and imported fish.

Moreover, France had to agree to higher tonnages of special quota fish for the processing industry, imported under low tariffs of 0 to 6 per cent. France had complained that 62 per cent of EU imports, and 86 per cent of French imports, were being brought in under special tariff deals.

But the main battle over the structural crisis in Europe's fisheries has been postponed to the next ministerial meeting here in June, by when the Commission is to come up with recommendations.

Spain and Portugal on fast track

By David Gardner

European Union fisheries ministers last night overrode Irish objections to bringing Spain and Portugal fully into the Common Fisheries Policy by January 1996, six years ahead of the date agreed in 1986 when the Iberian countries became member states.

Bringing forward the date was the political price Spain extracted last month for accepting EU entry terms for Norway. The 12 agreed then that Norway's powerful fishing industry would be integrated into the CFP in 1996 – assuming it joins the Union next year – and that the fisheries restrictions on two existing member states could therefore no longer be justified.

Full entry into the CFP will give the large Iberian fleets access to waters west of the UK and Ireland. Currently, Spain is allowed 150 vessels at any one time, from a list of 300, in UK waters, but both Spain and Portugal are kept out of the so-called Irish Box under a regime which runs until the end of next year.

Last night's framework agreement requires that there be no increase in fishing effort, which would further deplete shrinking fisheries stocks, as a result of the increased access. "The Spanish will not get more fish out of this text," one British official insisted.

Eleven member states were willing to leave details of the adjusted CFP to be ironed out later, probably through a regime making all member states subject to a licensing system setting vessels' days at sea in western waters.

But Ireland held up agreement by insisting on immediate commitments that a strict licensing and control regime would replace the current Irish Box arrangements.

The 11-1 deal agreed that all fisheries management will take full account of the stocks and "biological vulnerability" of each fishing area, holding out to the Irish the possibility of a conservation zone like the UK's Shetland Box.

EU hopes for budget windfall from fruit reform

The European Commission will be looking to save money as it sets out to cut more controversial agricultural support regimes down to size, writes **Deborah Hargreaves**

When producers' groups destroy over 600,000 tonnes of fruit and vegetables in a typical year as part of the Common Agricultural Policy, European consumers are understandably enraged. Finding a more acceptable way of stabilising these markets is one of the trickiest challenges facing the European Union this year as sets out to reform its controversial policy on fruit and vegetables as well as its support regimes for wine and sugar.

These three sections of the CAP were left out of the 1992 MacSharry reforms, which began the process of weaning European farmers off state aids. The three programmes will receive similar treatment to the rest of European agriculture this year as the Commission tries to trim the budget and eliminate over-supply.

The fruit and vegetable regime has come in for a lot of criticism for the highly visible waste incurred – 430,000 tonnes of peaches were trashed in 1992 alone. But fruit and vegetables along with sugar and wine are not as expensive to bankroll as other parts of the CAP such as cereals and beef.

In fact, the three programmes under review make fairly modest demands on the European taxpayer.

Sugar is the most expensive of the three, costing Ecu2bn (£1.57bn) last year, but even this accounts for just 6 per cent of the farm budget, while cereals support takes up 21 per cent. The sugar regime is also largely self-financing since producer levies help pay for subsidising exports of surplus sugar.

The continual strains on the farm budget, however, mean that the Commission will be looking to save money by reform, or at least stop the costs of the three programmes from getting any bigger. The cost of the wine regime has almost doubled since 1990, to Ecu1.53bn, and the fruit and vegetables support bill has gone up from Ecu1.25bn to Ecu 1.48bn.

In debating possible reforms, the EU's agriculture ministers face the perennial dilemma about whether price support has encouraged over-production.

The intervention system for fruit and vegetables, which allows producer groups to withdraw produce from the market when the price falls to a certain level and later to destroy most of it, has been widely criticised. Critics say it distorts market signals and keeps inefficient growers in business, leading to surpluses. Almost half of Greece's output of peaches, for example, is regularly withdrawn from the market and dumped.

Farm ministers from all member countries agree that intervention must be overhauled, but some are pushing for it to be extended to cover additional products. It is unlikely that the system will be scrapped altogether, even though this is being advocated by some growers and Britain's National Farmers' Union.

Demands from southern countries are expected to keep intervention in place as a safety net, but the Commission is considering ways of reducing its influence. It could do this by lowering prices as has happened for beef or even introducing a ceiling for the amount of produce growers can withdraw.

Farm ministers may also consider a "grubbing up" scheme, which would offer grants to producers for leaving the business. However, a previous scheme which ran out last year, did little to eliminate persistent over-production and the Commission is reluctant to introduce another one.

Wine reform could also focus on "grubbing up", but it will be up to individual member countries to run their own schemes. The Commission is proposing the setting of required production levels for all member country and allowing them a transitional period to reach that level.

Member countries will be able to work out their own ways of cutting output, which is likely to see winemakers channelling their efforts into boosting quality.

Farm ministers are under less budgetary pressure to reform the sugar programme as it helps to pay for itself and changes have already been put off for 5 years. But the demands of the General Agreement on Tariffs and Trade deal for cuts in subsidised exports will force the EU to initiate reforms this year.

Analysis of the Gatt requirements indicates that the EU must cut subsidised exports of sugar by more than 10 per cent – 340,000 tonnes out of annual exports of close to 3m tonnes. Ministers can do this either by cutting production quotas or making price cuts which reduce the amount of subsidy needed for exports.

Indications are that the Commission will propose a small price cut of 2.5 to 3 per cent as quota cuts would be extremely unpopular.

However, the UK is likely to push for its share of the sugar production quota to be increased as part of any reform. British Sugar, which processes beet, has a quota to supply just over half of the UK market.

The UK's quota was cut in 1981 when it was not filling it, while other countries still have production quotas far exceeding their own needs. Belgium, for example can produce 180 per cent of its market requirements.

Mrs Gillian Shephard, UK agriculture minister, is expected to push hard for some quota revisions. But these will inevitably come at the expense of trade-offs elsewhere. The UK government is pushing hard for reform of these three areas in the hope of achieving cuts in the agriculture budget and it will be unwilling to sacrifice success for more sugar.

Great potential seen for plant power in power plants

By Alison Maitland

Governments and international agencies are urged to give more vigorous financial support to production of electricity from plants in a report published last night by the UK's Royal Institute of International Affairs.

The study says that plant material, or biomass, "may be on the threshold of a new breakthrough, as a fuel for advanced forms of electricity generation".

According to the US Department of Energy, biomass power will be the most important renewable energy option for the next 25 years. Projects cultivating crops for electricity and developing power plants are under way in Brazil, Scandinavia and parts of the European Union, as well as the US.

The greatest potential will come from "integrated" development of the fuel, using dedicated energy crops serving advanced-technology power stations, says the study.

Financial and organisational support is emerging, "but the potential of integrated advanced biomass power appears to warrant much more substantial promotional effort at the governmental and international level in the near future in both industrial and developing countries".

Fast-growing poplar, willow and conifer trees and miscanthus, or elephant grass, are considered promising for electricity production in northern Europe, while robinia, cynara and eucalyptus trees and sweet sorghum appear to have more potential in warmer southern Europe. Sugar cane, along with pine and eucalyptus, is suitable in the tropics and subtropics, although it needs heavy irrigation which sweet sorghum does not.

Unlike coal, the energy from biomass makes no net contribution to the greenhouse effect and as such offers an attractive alternative, says the report, written by Mr Walt Patterson, a senior research fellow at the Chatham House institute.

In the long run, biomass power will have the greatest impact in tropical and subtropical countries where it grows fastest and where electricity demand is increasing most rapidly. The World Energy Council has projected a doubling in world electricity use to 23,000 terawatt-hours in 2020 from 11,600TWh in 1990.

But the study suggests that a more immediate boost to biomass power could come from growing crops for electricity in industrial countries on land set aside to cut overproduction.

"This use of cultivated land no longer required for food production would ease the pressure on the agricultural sectors of major producer countries, and make international agreement on food trade more readily achievable," it argues.

Estimates on the costs of biomass electricity compared with conventionally-produced power are encouraging, the report says. Demonstrating that it can be economically and environmentally sustainable in the industrial world will foster its acceptance worldwide.

Power from Plants, available from Energy and Environmental Programme, Royal Institute of International Affairs, 10 St James's Square, London SW1Y 4LE. Tel: 071 957 5711. £9.95.

MARKET REPORT

Coffee market rally stalled

London COFFEE futures swung wildly yesterday afternoon, but failed to match the highs reached in the morning.

ALUMINIUM retested $1,330 a tonne but again found stubborn resistance. It closed at $1,328.25.

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	-1,075	to 2,586,100
Aluminium alloy	-920	to 43,040
Copper	-1,700	to 496,125
Lead	-850	to 335,375
Nickel	-342	to 136,386
Zinc	+825	to 1,127,300
Tin	+510	to 25,015

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1303-4	1328-8.5
Previous	1299.5-300.5	1324-4.5
High/low		1333/1321
AM Official	1300-01	1327.5-28
Kerb close		1320-20.5
Open int.	268,009	
Total daily turnover	53,414	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1322-4	1330-2
Previous	1300-03	1312-5
High/low	1335	1330/1323
AM Official	1335-40	1330-40
Kerb close		1325-50
Open int.	4,724	
Total daily turnover	1,104	

■ LEAD ($ per tonne)

Close	448.5-9.5	463-4
Previous	443-4	457-8
High/low		475/455
AM Official	441-1.5	455.5-6.0
Kerb close		467-8
Open int.	34,168	
Total daily turnover	5,088	

■ NICKEL ($ per tonne)

Close	5500-05	5565-70
Previous	5450-60	5510-20
High/low	5485	5595/5550
AM Official	5480-5	5555-60
Kerb close		5590-5
Open int.	46,229	
Total daily turnover	12,146	

■ TIN ($ per tonne)

Close	5475-80	5530-35
Previous	5440-50	5495-500
High/low	5468	5545/5520
AM Official	5466-68	5520-25
Kerb close		5535-40
Open int.	18,875	
Total daily turnover	4,438	

■ ZINC, special high grade ($ per tonne)

Close	945-6	967-8
Previous	930-1	952-3
High/low	933	968/955
AM Official	932.5-3.5	954-5
Kerb close		967-8
Open int.	103,445	
Total daily turnover	34,639	

■ COPPER, grade A ($ per tonne)

Close	1877-8	1892-3
Previous	1869-70	1884-5
High/low		1896/1885
AM Official	1874-5	1889.5-90
Kerb close		1890-1
Open int.	200,455	
Total daily turnover	35,386	

■ LME AM Official £/$ rate: 1.4710
LME Closing £/$ rate: 1.4746

Spot:1.4748 3 mths:1.4703 6 mths:1.4673 9 mths:1.4661

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	87.15	-0.25	87.15	87.00	505	83
May	87.35	-	87.50	86.60	24,263	5,837
Jun	87.40	-0.05	87.40	86.65	700	3
Jul	87.55	-0.05	87.75	86.90	17,682	1,785
Aug	87.55	-0.05	-	-	439	2
Sep	87.55	-0.10	87.65	87.00	4,838	194
Total					N/A	N/A

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	377.80-378.20	
Opening	379.20-379.60	
Morning fix	378.40	257.590
Afternoon fix	378.00	256.289
Day's High	379.20-379.60	
Day's Low	375.80-376.20	
Previous close	380.50-381.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.41	6 months	3.77
2 months	3.47	12 months	4.17
3 months	3.52		

Silver Fix	p/troy oz.	US cts equiv.
Spot	358.10	528.20
3 months	363.40	533.00
6 months	368.20	538.95
1 year	378.45	553.10

Gold Coins	$ price	£ equiv.
Krugerrand	380-383	258-262
Maple Leaf	389.20-391.65	-
New Sovereign	90-93	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	378.5	+0.6	378.5	376.0	1,012	408
May	379.5	+0.6	-	-	-	-
Jun	380.4	+0.5	380.8	377.5	87,332	53,552
Aug	383.0	+0.5	383.2	380.0	9,824	290
Oct	385.8	+0.5	385.4	383.5	5,082	12
Dec	388.7	+0.5	388.9	386.5	14,156	679
Total					142,512	54,983

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	398.3	+3.9	399.0	394.0	121	34
Jul	400.8	+3.4	401.5	394.5	21,055	5,700
Oct	401.9	+3.4	402.5	398.5	1,837	227
Jan	402.5	+3.4	402.5	400.0	649	34
Apr	403.7	+3.4	403.0	400.0	856	31
Total					24,518	6,026

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Jun	132.25	-0.35	133.25	131.50	3,792	117
Sep	132.25	-0.35	132.50	132.00	423	9
Dec	132.25	-0.35	-	-	262	-
Total					4,477	126

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	528.7	+4.0	-	-	5	10
May	530.5	+4.0	532.0	523.0	65,305	34,857
Jun	532.5	+4.0	528.0	528.0	11	-
Jul	534.6	+4.0	536.0	527.0	22,267	6,488
Sep	539.0	+3.9	541.0	532.0	5,734	303
Dec	545.7	+3.8	547.0	538.0	10,288	351
Total					115,575	42,548

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	15.82	-0.05	15.99	15.76	84,406	45,450
Jun	15.81	-0.05	15.95	15.76	88,812	40,364
Jul	15.85	-0.05	15.98	15.81	43,588	12,034
Aug	15.97	-0.02	16.05	15.91	26,247	4,064
Sep	16.02	-0.03	16.11	16.02	22,676	1,412
Oct	16.13	-0.03	16.16	16.09	13,316	729
Total					416,431	109,919

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	14.76	+0.11	14.82	14.60	45,639	16,484
Jun	14.62	+0.08	14.68	14.51	56,593	15,925
Jul	14.62	+0.05	14.65	14.52	20,792	3,510
Aug	14.64	-	14.70	14.58	12,409	428
Sep	14.71	-0.01	14.72	14.66	7,215	487
Oct	14.77	-0.04	14.78	14.72	3,043	160
Total					152,089	38,889

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	45.75	-0.07	46.20	45.60	42,560	13,201
Jun	45.60	-0.12	45.95	45.45	33,126	4,395
Jul	46.00	-0.04	46.25	45.80	29,940	2,628
Aug	46.85	-0.09	46.84	46.50	11,541	644
Sep	47.60	-0.19	47.75	47.60	9,428	485
Oct	48.50	-0.19	48.70	48.55	6,969	323
Total					167,993	23,371

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	149.75	-	150.75	148.50	12,371	4,668
May	147.25	+1.50	147.75	145.00	27,609	9,204
Jun	145.50	+1.00	146.25	144.00	20,977	2,769
Jul	146.00	+1.25	146.50	144.50	13,617	1,865
Aug	147.25	+1.00	147.75	146.50	5,468	830
Sep	149.00	+1.00	148.75	148.25	3,726	295
Total					108,321	20,580

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open int	Vol
May	2.081	+0.013	2.090	2.075	20,335	7,967
Jun	2.095	+0.005	2.110	2.090	11,940	1,913
Jul	2.095	-	2.105	2.090	11,049	1,000
Aug	2.110	+0.001	2.125	2.110	10,457	454
Sep	2.135	-	2.150	2.135	10,963	462
Oct	2.180	-0.004	2.185	2.175	6,590	209
Total					121,560	13,121

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	49.05	-0.07	49.60	43.50	53,390	17,898
Jun	49.35	-0.20	49.90	49.16	33,741	6,060
Jul	49.35	-0.22	49.70	49.15	17,017	2,666
Aug	48.80	-0.42	49.10	48.75	10,232	602
Sep	48.10	-	-	-	6,489	17
Oct	46.75	-0.52	46.70	46.70	1,207	57
Total					124,282	27,298

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	888	-2	888	879	16,794	1,232
Jul	903	-4	907	896	19,159	1,055

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	78.725	-0.725	77.350	76.650	13,389	5,284
Jun	73.425	-0.675	74.175	73.400	30,388	7,101

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	45.475	+0.175	45.700	45.400	1,965	112
Dec	45.800	+0.200	46.100	45.850	2,447	68
Total					31,723	4,180

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	54.225	+0.725	55.300	53.600	4,758	925
Jul	54.875	+0.950	55.600	53.850	4,749	790
Aug	52.225	+0.700	53.400	51.875	711	61
Feb	58.950	+0.550	57.100	56.250	118	13
Mar	56.900	-	-	-	13	4
May	57.700	+0.300	57.700	57.400	16	7
Total					10,365	1,783

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jun	Aug	Jun	Aug
1300	44	68	30	41
1325	32	55	43	53
1350	22	44	58	66
■ COPPER (Grade A) LME	Jun	Aug	Jun	Aug
1850	70	92	29	46
1900	43	66	52	69
1950	24	45	83	98
■ COFFEE LCE	May	Jul	May	Jul
1300	241	198	-	8
1350	191	155	-	15
1400	141	125	-	35
■ COCOA LCE	May	Jul	May	Jul
875	17	52	6	24
900	5	38	19	35
925	1	28	40	50
■ BRENT CRUDE IPE	May	Jun	May	Jun
1350	-	-		11
1400	-	-		23
1450	12	-	12	37

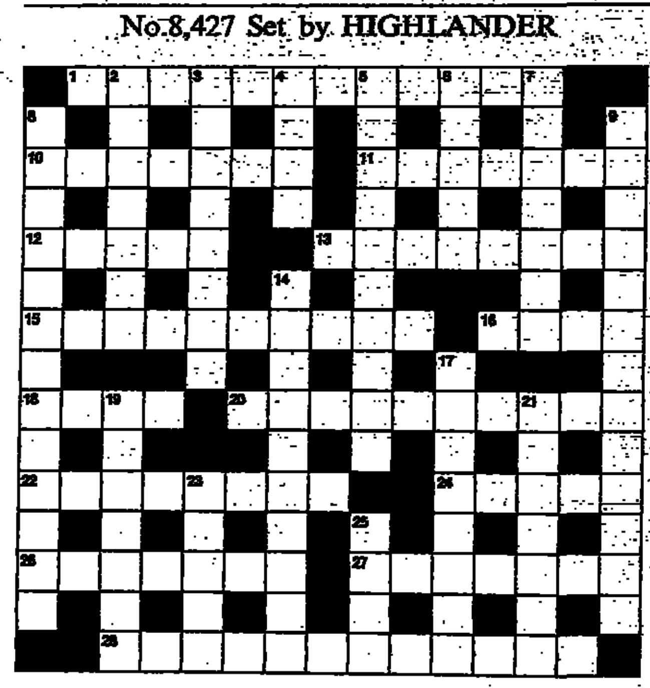
LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/May)		+or-
Dubai	$13.33-3.49w	-0.045
Brent Blend (dated)	$14.85-4.86	+0.075
Brent Blend (May)	$14.70-4.71	+0.005
W.T.I. (1pm est)	$15.80-5.82w	-0.105
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$166-168	+1
Gas Oil	$151-152	+1
Heavy Fuel Oil	$67-69	
Naphtha	$138-140	+3.5
Jet Fuel	$163-165	+1
Petroleum Argus Estimates		
■ OTHER		
Gold (per troy oz)♣	$378.00	-2.75
Silver (per troy oz)♣	529.00c	-13.5
Platinum (per troy oz.)	$395.50	-8.5
Palladium (per troy oz.)	$132.75	-0.5
Copper (US prod.)	91.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.32r	+0.06
Tin (New York)	255.00c	+1.25
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	126.87p	-1.17*
Sheep (live weight)†♠	146.89p	-2.15*
Pigs (live weight)	77.52p	+0.27*
Lon. day sugar (raw)	$282.00	-17.10
Lon. day sugar (wte)	$323.30	-6.4
Tate & Lyle export	£290.00	-6.0
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	Unq	
Wheat (US Dark North)	£185.0x	
Rubber (May)♥	70.50p	
Rubber (Jun)♥	70.75p	
Rubber(KL RSS No1 Apr)	266.00m	-1.0
Coconut Oil (Phil)§	$545.0t	
Palm Oil (Malay.)§	$415.0w	-5.0
Copra (Phil)§	$359.0v	
Soyabeans (US)	£204.0v	-4.0
Cotton Outlook A Index	82.40c	+0.3
Wooltops (64s Super)	397p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Mar/Apr. v Apr w May. t May/Jun. x Apr/May ♥ London Physical § CIF Rotterdam. ♣ Bullion market close ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,427 Set by HIGHLANDER



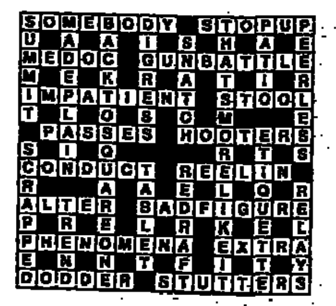
ACROSS

1 Behave with less restraint chaps – start to threaten utter confusion (12)
10 Bird – mine – in place normally occupied by pilot (7)
11 Accelerated delivery of letters to publicise old armour (3,4)
12 Flattens out the chains (5)
13 Comprehensive school in tears (8)
15 Simple resistance wire has diffused ray (10)
16 Move up and down assigned route although exhausted (4)
18 Instant credit (4)
20 Working the sandbank without a partner (2,3,5)
22 Red light swindle ensnares peer (4,4)
24 Quarter divided by a quarter = stadium (5)
26 Becomes aware of section involved with reviews (7)
27 Crazy way of speaking, endlessly twitching (7)
28 Terminology unclear to men involved (12)

DOWN

2 Cover two different points before ending (7)
3 Tax on Queen is a fraud (8)
4 Responsibility for tax (4)
5 Mechanically sound, the way a big shot will make it (10)
6 Frightening English on lake in N America (5)
7 An occasion to take food and drink with porridge (3,4)
8 Liable to have mishaps taking chance on flat (8-5)
9 Air-trip takes off with any about to go in for wild speculation (6,2,5)
14 Expert with building material gives several pounds to mother and son (10)
17 Two points to beat leader is unrealistic (8)
19 Pure nitrogen is correct (7)
21 Builder goes straight to gold (7)
23 Unfinished column rewritten by stand-in (5)
25 Determination makes wife poorly (4)

Solution 8,426



LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate optimism dented before the close

By Terry Byland, UK Stock Market Editor

A strong first half to yesterday's trading session in the London stock market ran out of steam well before the close when bond prices turned down both in Germany and the UK. The FT-SE 100 Index gave back about two-thirds of its early gain but the broader market remained very firm and trading volume was the highest for several weeks. Hints that a large rights issue was in the offing circulated at the close of trading.

Investors focused again on the chances of a cut in interest rates in Germany when the Bundesbank meets tomorrow. Hopes were raised when the German central bank confirmed that today's money market repo tender would again be at a variable rate. Markets quickly reflected hopes that the repo rate would fall again, opening the way for a reduction in the Bundesbank's key interest rates.

But optimism cooled later as markets came to the conclusion that the Bundesbank may lower the Lombard rate but is less likely to cut the more significant discount rate until after the IMF meeting at the end of the month, at which global interest rates are expected to be discussed.

Towards midsession, the Footsie was 31.1 ahead at 3,180.7, encouraged by gains of around half a point at the long end of the gilt-edged market. The principal hurdle of the day was cleared when the US producer price index for March showed a gain of 0.2 per cent, in line with analysts' targets on both sides of the Atlantic.

Account Dealing Dates		
*First Dealings: Mar 28	Apr 11	Apr 25
Option Declarations: Apr 7	Apr 21	May 12
Last Dealings: Apr 8	Apr 22	May 13
Account Day: Apr 18	May 3	May 23

*New time dealings may take place from two business days earlier.

But London became less settled as German bonds softened and Wall Street drifted easier to show a decline of 7.14 on the Dow Average in UK trading hours. The gain on the FT-SE 100 Index was whittled away to give a final reading of 3,159.1 for a net gain of 9.7.

Market pundits were pleased to see the market close above 3,150 on the Footsie scale and also noted that the FT-SE Mid 250 Index had remained solid to finish 28.8 ahead at 3,808.3. However, there was some disappointment at the return to volatile trading in both equities and gilts.

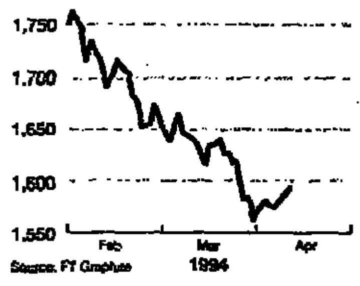
Trading volume was boosted by a succession of deals in one of the market's small and usually thinly traded stocks; nevertheless, the day's Seaq total of 906.2m shares represented a 50 per cent increase from the previous session. Monday's retail, or genuine customer, business in equities was worth £1.35bn.

Higher trading volume in equities this week has featured the London market's return to full-powered trading after a three-week period overshadowed by the approach of the Easter weekend and the end of the UK tax year, both tending to inhibit fund managers from taking up new investment positions.

Once again, the market had to make progress without much support from such major sectors as pharmaceuticals and banks. Oil shares, which have sustained an advance for several sessions, were on the sidelines yesterday, although the exploration issues featured in the rights issue rumours at the close.

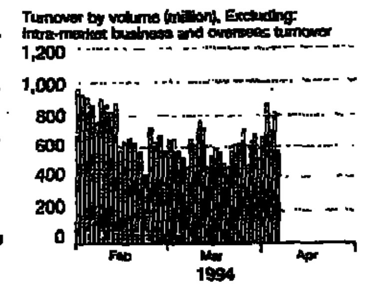
The stock market has now bounced back by around 2.4 per cent from the low point of pre-Easter trading, when investment confidence became badly unsettled by fears that the US Federal Reserve might be about to tighten credit policy more harshly than European markets would be able to absorb. Today brings the latest consumer price and retail sales statistics from the US and could provide a further test for market sentiment.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT-SE 100	3159.1	+9.7	FT Ordinary Index	2490.7	+2.3
FT-SE Mid 250	3808.3	+28.8	FT-SE-A Non Fins p/e	20.75	(20.71)
FT-SE-A 350	1604.1	+6.6	FT-SE 100 Fut Jun	3170.0	+12.0
FT-SE-A All-Share	1593.95	+6.70	10 yr Gilt yield	7.62	(7.59)
FT-SE-A All-Share yield	3.65	(3.66)	Long gilt/equity yld ratio:	2.17	(2.16)

Best performing sectors		Worst performing sectors	
1 Building & Const	+2.1	1 Pharmaceuticals	-1.2
2 Household Goods	+1.6	2 Oil Exploration	-1.0
3 Property	+1.5	3 Spirits, Wines	-0.7
4 Engineering, Vehicles	+1.4	4 Consumer Goods	-0.4
5 Banks	+1.3	5 Chemicals	-0.2

Renewed pressure on Glaxo

Hard hit pharmaceuticals company Glaxo was the principal casualty among Footsie stocks as US investment bank Salomon Brothers International turned the screw on the share price and discouraging news continued to overhang the company.

Salomon's pharmaceuticals analyst Mr Peter Laing has prepared a comprehensive analysis of the threat to Glaxo's top selling product, Zantac. n

"I had thought Glaxo would start to pick up, but I now expect it to drift. I do not think it is a panic sell but I have moved it, and the sector, to underperform." Some dealers, however, suggested that US investors were merely standing on the sidelines having seen the American Depositary Receipt holding slide from 27 per cent at its peak to 16.83 per cent as of April 6.

"That company must be wondering when the pain is going to stop. It is on a 1994 yield of 6 per cent and the shares still keep going down," said a trader. The shares fell 17 to 581p, a level not seen since last summer, on heavy turnover of 5.4m.

Persistent bear tales overshadowed the company. There was talk, denied by Glaxo, that bad news had leaked out of Monday's Novopharm appeal hearing, and rumour of a price war when SmithKline Beecham's anti-ulcer product comes off patent in May.

Lasmo steady

Long-running suggestions that Lasmo, the second largest of the UK oil exploration and production stocks, was looking to raise in excess of £200m via a rights issue, continued to circulate in the market but failed to cause any damage to the Lasmo share price, which held at 129p.

Rumours yesterday were that a rights issue of two-for-seven at 100p a share was in the wings. Rights offer talk has surrounded Lasmo since the group's preliminary figures were announced at the end of last month.

Oil analysts said such a move was unlikely and that the oil sector still lacked confidence despite the relative resilience of crude oil prices since the last Opec agreement, which rolled over oil output for the next two quarters.

The fall in profits at Tesco was broadly in line with expectations, the shares strengthening following a mildly positive meeting with analysts. Brokers remain divided, however, on the potential recovery for the sector. With Tesco suggesting margin pressure easing and like-for-like sales improving, some analysts believe that similar messages from other food retailers indicate that the ravaged sector had turned the corner.

Mr Neil Curry at S.G. Warburg, who yesterday reiterated his buy recommendation on Tesco, said: "Today's results prove that the sector is coming back to life." He also raised his current year forecast to £555m, with a jump to £602.5m for 1996. Others were not so positive, with Nomura downgrading its profits estimates to £528m and £568m respectively. Analyst Mr Paul Smiddy said he believed Tesco shares would be dull in a lacklustre sector. "We need more evidence of steady like-for-like sales growth," he said. Tesco gained 3 at 218p with 10m traded. J. Sainsbury added 9 at 375p and Argyll a penny at 251p.

The banks with a major presence in the Far East continued to outperform the other banking issues, with dealers citing the 260-point jump in the Hang Seng index on Monday and the prospect of further strong rises in the near term as being behind the big gains. HSBC raced up 25 to 805p and Standard Chartered advanced 30 to 1104p. Bank specialists said Standard shares had retreated around 50 per cent from their peak of 1431p reached in February this year and would match any immediate advance by the Hang Seng index. Some analysts were predicting that the Hang Seng would breach the 10,000 level in the short term.

NatWest continued its recent good performance which was prompted mainly by a buy note issued by NatWest Securities. Yesterday's rise of 8 to 486p was said to have been triggered by a buy note from Morgan Stanley, the US investment bank. NatWest's rise came at the expense of Barclays and Lloyds; the latter settled 6 off at 560p and the former eased 2 to 527p.

There was more keen interest in TSB shares which closed 5 higher at 225p following what was said to have been aggressive buying interest from Swiss Bank.

Turnover in British Airways rose to 8.9m and the shares jumped 14½ to 443½p, following a recommendation from Smith New Court.

A weaker New York market prompted profit taking in some of London's internationally-traded issues. Reuters Holdings fell 13 to 1956p in spite of a well-received annual meeting. Reed International lost 3 at 850p. BP fell a penny to 373p in spite of a statement by Mr David Simon the chief executive, that oil prices should rise in the winter because of higher demand.

Engineering and aerospace company FR Group jumped 25 to 290p, with market watchers cheered by the positive outlook from the company which reported figures in line with market forecasts. Analysts were also pleased by the 5 per cent increase in the dividend.

British Steel closed 3½ ahead at 148½p, after trade of 10m, with Cazenove said to have recommended the stock. Glynwed International gained 6½ to 364p, after recommendations from Williams de Broe and NatWest Securities.

A buy note from Strauss Turnbull inspired Unilever to a rise of 18 to 1046p. A director of Hillsdown sold 500,000 ordinary shares in the company at 179½p. The stock slipped 2 to 177p.

Among stores, Marks and Spencer added 2½ to 421½p with Hoare Govett raising its dividend forecast and reiterating its positive stance. Laura Ashley slid on news of the resignation of its chief executive. The shares recovered to close 4 off at 81p.

Thorn EMI gained 19 to 1144p with a recomendation from UBS said to have helped.

Upton & Southern, the ambitious retailing group, was the third heaviest turnover stock in the market with 16m shares traded as the rump of the rights issue was placed. The shares held at 34p. David S.Smith, the paper, packaging and office supplies group, jumped 16 to 530p on appreciation of higher pulp prices. Credit Lyonnais Laing, which has the company as its core holding in the sector, was said to have been active.

MARKET REPORTERS: Joel Kibazo, Peter John, Christopher Price, Steve Thompson.

■ Other statistics, Page 22

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (43).
BUILDING & CNSTRN (2) Hewden-Stuart, Regent, BLDG MATLS & MCHTS (1) Kingspan, CHEMICALS (1) ICI, DISTRIBUTORS (1) Dennans, DIVERSIFIED INDLS (3) Mitsubishi, Ropner, Do. 'A', ELECTRNC & ELECT EQUIP (3) Acorn Computer, MTL, Philips, ENGINEERING (7) Atlas Copco B, Brit Steel, Dickie (J), Domnick Hunter, Kelsey Inds., Six Hundred Grp, Weltman, ENG, VEHICLES (1) Volvo 'B', EXTRACTIVE INDS (1) Monarch Res., HOUSEHOLD GOODS (1) Waterford Wedgwood, INVESTMENT TRUSTS (4) MEDIA (3) Holmes Marchant, Metal Bulletin, Midland Ind. News., OIL EXPLORATION & PROD (1) Sun Res, PHARMACEUTICALS (1) Fisons, PRTNG, PAPER & PACKG (4) Portals, Smith (D. S.), St Ives, Uni, PROPERTY (1) Aukett Assocs, RETAILERS, FOOD (1) Park Food, RETAILERS, GENERAL (1) Signet, SUPPORT SERVS (2) Admiral, Manpower, TEXTILES & APPAREL (2) Dewhirst, Dakoe Heel, TRANSPORT (2) Bergesen 'A', National Express.
NEW LOWS (76).
BREWERIES (2) Mansfield Brewery, Morland, BUILDING & CNSTRN (1) Persimmon, BLDG MATLS & MCHTS (4) Anglian, Ashley Prf., Caradon, Do. Prf., DISTRIBUTORS (1) Davenport Vernon, ENGINEERING (2) Hunting Prf., Optometrics, EXTRACTIVE INDS (19) FOOD MANUF (1) Hazlewood, HOUSEHOLD GOODS (1) Fine Decor, INSURANCE (3) Lowndes Lambert, Topdanmark, USF & G, INVESTMENT TRUSTS (8) Central Euro Gwth, Majedie, Mercury Eur Wrnts, Schroder Korea Fd, Do. Wrts., Templeton Emerging Wrts, INVESTMENT COMPANIES (4) Biotech. Invs Ptg Red. Prf., Malacca Fd Part, Singapore SESDAQ, South East Asian Fd. Wrts, LIFE ASSURANCE (2) Lincoln National, Trans B 8pc Pf, OIL EXPLORATION & PROD (3) Global Nat Res, Schlumberger, Sunrise Energy, OTHER FINANCIAL (1) Henderson Adm, PHARMACEUTICALS (1) Glaxo, PRTNG, PAPER & PACKG (2) Field, RPC, PROPERTY (3) Chesterfield Pf, Gt. Port Ests 9½pc Ln 2002, INOCO, RETAILERS, FOOD (1) Geest, RETAILERS, GENERAL (2) Christies, WEW, SUPPORT SERVS (1) BPP, TEXTILES & APPAREL (4) Honeysuckle, Jacques Vert, Leeds, Yorklyde, TRANSPORT (1) Assoc Brit Ports, AMERICANS (8) CANADIANS (4) Canadian Imperial Bank, Derlan Inds, Hudson's Bay, Toronto-Dominion Bank, SOUTH AFRICANS (1) Tiger Oats.

EQUITY FUTURES AND OPTIONS TRADING

Hopes of a reduction in European interest rates boosted stock index futures, helping the lead contract finish above an important support level, *writes Joel Kibazo.*

The Liffe June contract on the FT-SE 100 opened strongly at 3,173, with buying activity following on from Monday's strong after-hours' trading. Continued demand helped the contract advance to the day's high of 3,185 in late morning.

Profit-taking saw the contract retreat from its peak to trade in a narrow 10-point range for the next few hours before the poor start in New York brought renewed selling in the last hour.

June finished at 3,170, and cheered dealers who regard 3,164 as an important support level. The close was at a premium to cash and just above its fair value premium to cash of between 5 and 9 points. Turnover at the official close was 9,954 lots. Volume in the Liffe Mid 250 June future was 93 lots as it closed at 3,805.

There was a significant recovery in turnover in traded options, which saw business of 47,125 lots. The index options accounted for most of the day's total, with 17,452 contracts dealt in the FT-SE 100 option and 11,168 in the Euro FT-SE 100 option. Shell Transport was the most active stock option, with 3,393 lots traded.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

■ FT-SE 100 INDEX OPTION (LIFFE) (*3160) £10 per full index point

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

FT-SE Actuaries Share Indices — The UK Series

■ FT-SE Actuaries All-Share

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	7,700	57½	+¼
Abbey National†	2,300	469	+2
Albert Fisher	1,900	61	-2
Allied-Lyons†	4,400	560	+4
Anglian Water	1,300	506	+4
Argos	1,300	353	+6
Argyll Group†	8,800	251	+1
Arjo Wiggins†	2,800	262	
Assoc. Brit. Foods†	293	600	-7
Assoc. Brit. Ports	3,200	549	+2
BAA†	1,000	978	+3
BAT Inds.†	7,800	456	
BET	4,900	122	-1½
BICC	2,100	427	-3
BOC†	1,100	701	-12
BP†	10,000	373	-1
BPB Inds.	3,400	331	+11
BT†	7,000	387	+½
BT (P/Paid)	4,800	278½	+1
BTR†	6,200	383	+1
Bank of Scotland†	514	188	
Barclays†	5,800	527	-2
Bass†	1,700	540	+2
Blue Circle†	2,400	322	-3½
Booker	384	412	-2
Boots†	1,700	537	+2
Bowater†	2,000	446	-7
Brit. Aerospace†	1,100	482	-7
British Airways†	8,900	443½	+14½
British Gas†	4,600	266½	+1½
British Land	1,100	413	+8½

LONDON EQUITIES

LIFFE EQUITY OPTIONS

RISES AND FALLS YESTERDAY

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

FINANCIAL TIMES EQUITY INDICES

FT GOLD MINES INDEX

LONDON SHARE SERVICE

BANKS

Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	£22⅞	—	£25⅛	£22½	6,699	4.7	ϕ
ANZ A$	238¼	+4⅛	278¼	220½	3,118	3.8	18.7
Abbey National ...N□	480xd	+2	523	463	6,153	3.7	15.8
Allied Irish I£ ...‡□	251xd	+2	314	247	1,654	5.0	ϕ
Anglo Irish I£ ...M□	55	—	70	58	182.7	7.7	10.2
Asahi Y	727¼	-7⅛	758½	628	16,747	0.7	–
Banco Bil Viz Pta	£15⅞	-⅛	£18¾	£14⅞	3,483	5.5	8.8
Banco Sant Pta	£31⅞	—	£34⅝	£29⅛	3,513	4.3	12.1
Bk Ireland I£ ...♣□	283	+5	319	248	1,239	4.7	18.4
Bank Scotland ...♣†□	188	—	247	183	2,186	3.1	25.5
9¼pc Pf	128¼	+¼	141½	126½	128.2	9.0	–
9¼pc Pf	135¼	+¼	148½	131½	135.2	9.0	–
Barclays ...N□	527xd	-2	640	487	8,538	3.6	21.8
Dai Ichi Kan Y	£12⅛	-⅛	£12⅞	£10⅞	36,587	0.4	66.4
Deutsche DM	£312⅛	-9⅛	£344¼	£296¼	14,885	1.9	–
Espirito Santo	£21	+⅛	£26⅞	£19⅞	204.7	3.8	6.1
First Nat Fin ...N□	72	+2	90	60	119.3	2.6	–
6.3pc Cv Pf	84	-1	90	77	5.65	9.4	–
7pc Cv Pf	149	+½	171	123	70.7	5.9	–
Fuji Bank Y	1460	-16¼	1805½	1152½	42,682	0.4	–
HSBC HK □	819xd	+22	1133	749	14,381	3.6	ϕ
HSBC (75p Shs) □	805xd	+25	1113	733	6,610	3.6	ϕ
Lloyds ...N□	590xd	-6	660	540	7,186	4.9	11.8
Mitsubishi Y	£18¼	-⅛	£18⅞	£15⅝	53,883	0.3	–
Mits Tst & Bk Y	1016¼	-11	1094¼	887½	13,242	0.5	16.3
Mitsui Tst & Bk Y	761	+5¼	811¼	514	9,118	0.7	25.9
Nat Aust A$	571¼	+2¼	628¼	537¼	7,511	4.2	13.9
NatWest ...N□	496xd	+8	622	448	8,882	4.8	11.1
Ottomane FFr	£30½	—	£33	£27¼	152.5	4.8	7.3
Rd Bk Scotland ...♣N□	412	+4	526	398	3,279	3.3	18.6
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	1994 low	Yld Gr's	NAV	Dis or Pm(-)
Pilot Inv	Z☐	147	—	153	125½	0.4	133.4	-9.3
Warrants	☐	65	—	69	44	-	-	-
C	☐	110	—	117	102	-	108.1	-1.7
Primadona		267	—	293	267	2.1	321.7	17.0
Ptarmigan Intl	♣☐	239	—	*276	232	0.4	260.9	8.4
Warrants		86	—	140	85	-	-	-
RIT Capital	☐	174	—	188	170	0.8	219.3	20.7
2⅝pc Cv Ln 2000		£174	+½	£186½	£170½	1.4	-	-
Radiotrust	☐	65	—	86	70	-	88.4	-19.5
Rights & Iss Inc		155	—	164	153	7.0	-	-
Cap		485	+5	536	440	2.2	521.5	12.8
Riv & Merc Am Inc		111xd	—	121	111	8.8	-	-
Cap	☐	34½	+½	38	31½	-	45.0	23.3
Warrants		14	—	17	13	-	-	-
Riv & Mer Ext	N☐	135	—	147	129	7.2	125.5	-7.0
Warrants		36	—	40	29	-	-	-
Zero Div Pf		113	—	118½	113	-	-	-
Riv & Mer Geared		97	—	116	93	9.7	-	-
Prfd Cap 1999		27	+½	35	26½	-	37.9	28.8
Riv & Merc Smllr	N☐	146	—	170	142	1.4	145.2	-1.9
Warrants		54	—	77	47	-	-	-
Riv & Merc Tst Inc	N☐	116	—	127	114	9.9	-	-
Cap	☐	127½	+2½	150	122	-	213.2	40.2
Warrants		34	—	40	32	-	-	-
Rt. Stgd Prf	N	154½xd	+½	163	154	4.6	-	-
River Plate Inc	N☐	110	—	113	106	10.1	-	-
Cap		101	+3	118	95	-	171.5	41.1
Warrants		6	—	11	5	-	-	-

LEISURE & HOTELS - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

PROPERTY - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TRANSPORT - Cont.

WATER

AMERICANS

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

TELECOMMUNICATIONS

TEXTILES & APPAREL

CANADIANS

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

RETAILERS, FOOD

PHARMACEUTICALS

MERCHANT BANKS

RETAILERS, GENERAL

PRINTING, PAPER & PACKAGING

OIL EXPLORATION & PRODUCTION

TOBACCO

TRANSPORT

LEISURE & HOTELS

PROPERTY

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£22¼	—	£23½	£13½	1,329	3.3	16.2
Barlow		£3¾	+⅛	£4⅞	£3⅛	730.3	8.7	6.8
Gold Flds Prop R		83	—	105	83	8.49	12.0	7.4
NK Props	s	90	—	95	88	3.62	9.9	37.0
SASOL	♥	281	+1	361	280	1,592	5.5	-
SA Brews		£30⅛	+⅛	£15⅞	£10	5,474	2.7	16.7
Tiger Oats		538	-37	838	538	880.2	3.0	11.4
Tongaat-Hulett	†	493	+2	589	434	389.0	3.0	13.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
• Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
Φ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below.
※ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
§ Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xt ex capital distribution.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT7844. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (¥) - 0001 to 1100 hours; (§) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (▲) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING. The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379 0444.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Abbey Life Assurance Co Ltd

Canada Life Group

Eagle Star Life Assurance Co Ltd

Hill Samuel Life Assur. Ltd

Lincoln National - Contd.

NPI

Providence Capital Life Assc. Co Ltd - Contd.

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

INSURANCES

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

Standard Life Assurance Company
3 George St, Edinburgh EH2 2XZ 031-225 2552

Sun Alliance Group

Windsor Life Assur Co Ltd - Contd.

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

Scottish Equitable plc
28 St Andrew Sq, Edinburgh 031-556 9101

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

GUERNSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

JERSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

INVESCO International Limited - Contd.

Jupiter Tyndall (Jersey) Ltd

Lloyds Private Banking (CI) Ltd

Lombard Odier (Jersey) Ltd

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

Schroder Mngt Services (Jersey) Ltd

TSB Trust Funds (CI)

Warburg Asset Management Jersey Ltd

Worldinvest (Emerging) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Abtrust Fund Mngrs Luxembourg SA (u)

American Express

Bank Von Ernst & Cie AG

Barclays Inv Funds (Luxembourg)

Banque Indosuez

Cazenove Group (u)

Dolphin Intl Investments (u) SICAV

Dresdnerbank Asset Mngmt SA (u)

E.T. Investment Management Ltd

Eagle Star - Global Assets Fund (u)

Fidelity Funds (u)

Fleming Group (u)

Foreign & Colonial Emerging Markets Ltd (u)

Frontrunner I (u)

HSBC Investment Funds (Luxembourg) SA (u)

Hypo Foreign & Colonial Port Fd Mngrs

INVESCO International Limited (u)

Jupiter Tyndall Global Fund

Liberty ALL-STAR World Portfolio Equity Fund

Lloyds Bank Luxembourg

Sarasin Investment SICAV (u)

Scottish Equitable Intl Fund SICAV (u)

Sun Life Global Management Ltd (u)

Thornton Investment Management Ltd

S.G. Warburg Asset Mngmt Lux SA (u)

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (u)

Alliance Capital

Espirito Santo Investment Mgmt (SICAV)

Europa Value Fund (u)

Fidelity Intl Inv Mngt (Luxembourg) SA

Foreign & Colonial Emerging Markets Ltd

Global Funds Management S.A. (u)

Global Futures & Options SICAV

H.C.M. HYPO Capital Mgt Luxembourg SA

Lloyds Bank Luxembourg

Merrill Lynch Asset Management

Scudder, Stevens & Clark - Contd.

Target International Ltd

Templeton Emerging Asia

Templeton Worldwide Investments

Transworld Bond Trust

US Pacific Stock Fund (u)

Unico Financial Services SA Lux

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Invs AG, in voluntary liquidation

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Aetna Malaysian Growth Fd (Cayman) Ltd

Alliance Capital

Alpha Fund Management Ltd

Asia Pacific Investments Ltd

Ballie Gifford

Baring International Group

Barclays Diversified Fund Ltd

Bermuda Intl Invest Mgmt Ltd

Butterfield Management Co Ltd

CA Securities Investment Fund Mngmt Ltd

CDC International

The China Fund

Daehan Investment Trust Co Ltd

Daiwa APT Japan Fund

Daiwa Intl Capital Mngt (H.K.) Ltd

Daiwa Japanese Equity Warrant Fund

Delta Lloyd Bank Fund Management

Dynasty Fund Ltd

EBS Overseas Fund Ltd

East Asia Reform Asset Mgmt Ltd

Emerging Markets Management

Europe 1992

S.G. Europe Obligations SA

Falcon Fund International Inc

Fidelity Investments

Fleming Group

Formosa Fund

Formosa Growth Fund Limited

GAM

Gartmore Investment Ltd

Global Asset Management

Goldman Sachs

International Fund Administration Ltd

The Jaguar Fund N.V.

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Johnson Fry Securities Ltd

Jupiter Tyndall (Bermuda) Ltd

Korea China Super Fund Ltd

Korea International Trust Co Ltd

Lehman Brothers Sports Growth Fund

Lippo Asia Ltd

Lloyds Bank International (Bahamas) Ltd

London Portfolio Services Group

Malaysia Capital Fund Ltd

Malaysia Fd Inc

Man International Futures

Merrill Lynch Guernsey

Midland Mutual Management Ltd

Morgan Grenfell Asset Management

Morgan Stanley Emerging Markets Fund

National Investment Trust Company Ltd

Newport Investment Management

North Star Fund Managers Ltd

ORIENT Growth Fd

Optima Fund Management

PFS International Portfolio Fd Mgmt Ltd

Pacific Growth Fund

Pekinston Fund

Pequot International Fund Inc

Portuguese Investment Fund Ltd

Putnam Emerging Health Sciences Trust

Putnam International Advisors Ltd

Quantum Group

Regent Fund Management Ltd

Republic New York Funds

Rothschild Asset Management (CI)

Royal Bank of Canada Intl Money Market Fd

Sabre Futures Fund

Saudi Republic Holding

Schroder Investment Management Limited

Schroders Asia Limited

Scudder, Stevens & Clark Inc

Shinhan Investment Trust

Sri Lanka Growth Fund

State Street Banque SA

Strome Offshore Limited

Taiwan Fund

Templeton Galbraith & Hansberger Ltd

The Thai Development Capital Fd

The Thai-Euro Fund Ltd

The Thai Prime Fund Limited

The Thailand Fund

The Thailand Intl Fund Ltd

Thames Currency Funds

Thornton Investment Management Ltd

Trans Global Investments

Triumph Global Holdings

Ultra Osborne Fund Ltd

Ultra Hedge Fund Ltd

Ultra Value Fund Ltd

Value Partners "A" Fund

Vestmart Asset Management Corp

The Vietnam Fund Limited

WM Capital Growth Fund

Wellington Fd Mngrs (Bermuda) Ltd

Wells Fargo U.S. IT Fund

Worldwide Ltd

Yasuda Capital Management (Guernsey) Ltd

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Sterling moves higher

Sterling had a better day on the foreign exchanges yesterday, helped by the stronger dollar and a weaker D-Mark, *writes Philip Gawith.*

Continuing the recovery off a low of DM2.48 before Easter, the UK currency finished nearly two pfennigs higher in London at DM2.5356 from DM2.517 on Monday.

The dollar was also stronger against the D-Mark, finishing at DM1.7188 from DM1.708. There was little response to the 0.2 per cent rise in the US producer price index in March.

The weakness of the D-Mark stems from anticipation of a further cut in the repo rate this week, and market rumours about a possible cut in the Lombard rate.

Elsewhere, UK money markets witnessed the unusual spectacle of a £400m daily surplus. Normally the Bank of England exerts control over short term interest rates by engineering a market shortage. The last surplus was on March 8 1993.

■ The sterling index finished at 80.1 from 79.7 on Monday. Analysts said the UK currency's strength was more a reflection of what was happening with the $/D-Mark than any change in outlook for the pound.

Mr Neil MacKinnon, chief currency strategist at Citibank, commented: "There is nothing in terms of the UK economic scene that would suggest a reason for buying sterling." He said the D-Mark's weakness was overdone and sterling strength will not continue.

Mr Chris Turner, currency strategist at BZW, noted that sterling remained below its 50 day moving average against the D-Mark, showing that it was still fairly weak. The dollar, by comparison, has been above the 50 day moving average against the D-Mark for about a week.

Mr MacKinnon said the market was hoping that a good retail price index number on Friday might open the way for a 25 basis point cut in interest rates. This optimism was reflected for a while in the short sterling market, with the June contract up, at one stage, by four basis points, before falling back to close only one point higher at 94.57.

The December future closed at 94.04, off recent lows but still discounting short term rates at 6 per cent at the end of the year. Mr MacKinnon said the market was "off its collective rocker" suggesting such high rates.

■ In the money markets, meanwhile, there was widespread surprise at the rarity of a daily surplus. Analysts were at a loss to attribute it to any specific event, but said it needed to be seen against the background of the daily shortage recently averaging below £1bn.

Mr David Coleman, treasury adviser at CIBC, said the institution of a twice-monthly repo appeared to have helped lower the daily shortage on an ongoing basis. A likely seasonal factor affecting liquidity was tax payments associated with the end of the fiscal year.

With overnight rates consistently soft recently, around 4 per cent, 3-month money has fallen below the 5.25 per cent base rate. Yesterday it was offered at $5\frac{3}{16}$ per cent.

Mr Philip Shaw, group economist at Union Discount, stressed that the lower rates were technically driven, rather than the outcome of any reassessment of the outlook. "I don't think it has reversed the market's nervousness about the potential for rates rising this year," said Mr Shaw.

■ Mr MacKinnon at Citibank said the message from the US March PPI report was that there was no pressing need for an immediate tightening of credit policy. He predicted that the Fed would wait until the meeting of the policy making Federal Open Market Committee on May 17 before changing policy.

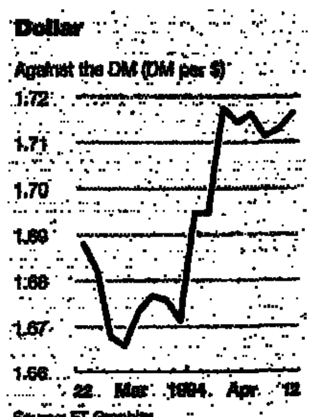
Today the market will be watching the release of the March CPI figure. BZW's Mr Turner argues that a low inflation figure will help the dollar because it will bolster the US bond market and have a spill-over effect into the currency. Others argue the contrary: that a high inflation number will be dollar supportive because it will hasten the prospect of higher interest rates.

■ The D-Mark was weaker against most European currencies amidst expectations of a further trimming of the repo rate and talk of a symbolic cut in the Lombard rate when the Bundesbank council meets on Thursday.

Call money continued to soften and was quoted at 5.75/5.80 per cent from 5.75/5.85 per cent on Monday. The June euromark future finished slightly firmer at 94.59 from 94.56.

The German currency closed at FFr3.419 against the French franc from FFr3.425 on Monday. The rise in the franc followed the release of a very good inflation figure. French consumer prices rose 0.2 per cent in March from February, for a year-on-year rise of 1.5 per cent. Mr Turner said this figure gave the Bank of France room "to cut interest rates more aggressively without having a negative impact on the currency."

The Lira fell back on profit-taking from a recent post-election high of L945 against the D-Mark. It closed at L952.7 from L950.3.



■ Pound in New York

Apr 12	Latest	Prev. close
£ spot	1.4745	1.4700
1 mth	1.4727	1.4683
3 mth	1.4701	1.4655
1 yr	1.4649	1.4606

■ OTHER CURRENCIES

Apr 12	£	$
Hungary	152.977 - 153.197	103.720 - 103.820
Iran	2578.00 - 2584.80	1748.00 - 1750.00
Kuwait	0.4385 - 0.4397	0.2973 - 0.2980
Poland	33008.3 - 33082.9	22380.0 - 22420.0
Russia	2628.03 - 2640.79	1780.00 - 1790.00
U.A.E.	5.4114 - 5.4225	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Apr 12		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.8343	+0.13	264 - 422	17.8422	17.6832	17.8305	0.3	17.8249	0.2	-	-	112.9
Belgium	(BFr)	52.1796	+0.4063	377 - 215	52.2215	51.7353	52.2146	-0.8	52.2696	-0.6	52.3046	-0.2	114.2
Denmark	(DKr)	9.9266	+0.0738	224 - 308	9.9308	9.8437	9.9367	-1.2	9.95	-0.9	9.9596	-0.3	113.9
Finland	(FM)	8.1460	+0.0457	367 - 553	8.1663	8.0920	-	-	-	-	-	-	82.0
France	(FFr)	8.6713	+0.0501	672 - 753	8.6753	8.6107	8.68	-1.2	8.6919	-1.0	8.6939	-0.3	106.8
Germany	(DM)	2.5356	+0.0186	346 - 366	2.5361	2.5137	2.5373	-0.8	2.5386	-0.5	2.5296	0.2	121.8
Greece	(Dr)	371.837	+2.801	380 - 294	372.294	368.908	-	-	-	-	-	-	-
Ireland	(I£)	1.0359	+0.0006	347 - 370	1.0382	1.0319	1.0368	-1.0	1.0382	-0.9	1.0436	-0.7	102.8
Italy	(L)	2416.39	+24.72	471 - 807	2418.07	2387.34	2422.94	-3.3	2433.59	-2.8	2470.34	-2.2	76.1
Luxembourg	(LFr)	52.1796	+0.4063	377 - 215	52.2215	51.7353	52.2146	-0.8	52.2696	-0.6	52.3046	-0.2	114.2
Netherlands	(Fl)	2.8456	+0.0218	442 - 470	2.8470	2.8230	2.8468	-0.4	2.8462	-0.1	2.8357	0.3	117.8
Norway	(NKr)	10.9788	+0.074	740 - 836	10.9838	10.8892	10.9732	0.6	10.9857	-0.3	10.9769	0.0	94.3
Portugal	(Es)	258.022	+2.335	813 - 230	258.230	255.666	258.997	-4.5	260.942	-4.5	-	-	-
Spain	(Pta)	204.846	+1.291	760 - 931	204.931	203.154	205.401	-3.3	206.226	-2.7	209.256	-2.2	85.6
Sweden	(SKr)	11.6569	+0.061	485 - 651	11.6604	11.5561	11.6775	-2.2	11.7136	-2.0	11.8326	-1.5	77.0
Switzerland	(SFr)	2.1371	+0.0169	362 - 380	2.1380	2.1176	2.1356	0.8	2.1318	1.0	2.104	1.6	117.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.1
Ecu	-	1.3091	+0.0066	085 - 097	1.3097	1.2991	1.3106	-1.4	1.3126	-1.1	1.3142	-0.4	-
SDR	-	0.949685	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4738	-0.0003	720 - 756	1.4756	1.4673	-	-	-	-	-	-	-
Brazil	(Cr)	1539.46	+30.61	909 - 983	1539.83	1504.00	-	-	-	-	-	-	-
Canada	(C$)	2.0391	-0.0083	380 - 402	2.0402	2.0289	2.0394	-0.2	2.0414	-0.5	2.0552	-0.8	87.2
Mexico	(New Peso)	4.9617	+0.0076	568 - 666	4.9666	4.9370	-	-	-	-	-	-	-
USA	($)	1.4753	+0.0016	749 - 756	1.4756	1.4670	1.4736	1.4	1.4707	1.2	1.4653	0.7	66.4
Pacific/Middle East/Africa													
Australia	(A$)	2.0372	+0.0007	360 - 384	2.0399	2.0289	2.0357	0.9	2.0334	0.8	2.0314	0.3	-
Hong Kong	(HK$)	11.3982	+0.0131	951 - 012	11.4012	11.3340	11.3852	1.4	11.3797	0.6	11.3307	0.6	-
India	(Rs)	46.2749	+0.0596	602 - 896	46.2896	46.0230	-	-	-	-	-	-	-
Japan	(Y)	152.430	+0.18	342 - 518	152.710	151.360	152.055	3.0	151.336	2.9	147.995	2.9	189.8
Malaysia	(M$)	3.9721	+0.0122	704 - 738	3.9738	3.9443	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5939	+0.0096	921 - 956	2.5958	2.5697	2.5966	-1.3	2.6011	-1.1	2.6097	-0.6	-
Philippines	(Peso)	40.6432	+0.0427	123 - 741	40.6741	40.3712	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5324	+0.0057	309 - 339	5.5339	5.5020	-	-	-	-	-	-	-
Singapore	(S$)	2.3084	+0.0043	075 - 093	2.3098	2.2944	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.3187	+0.0244	163 - 210	5.3210	5.2690	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.8705	-0.4483	612 - 797	8.2993	7.7375	-	-	-	-	-	-	-
South Korea	(Won)	1195.32	+0.74	496 - 568	1195.68	1188.71	-	-	-	-	-	-	-
Taiwan	(T$)	38.9319	+0.0557	226 - 411	38.9411	38.7100	-	-	-	-	-	-	-
Thailand	(Bt)	37.2798	+0.0539	560 - 032	37.3032	37.0860	-	-	-	-	-	-	-

†SDR rate for Apr 11. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.0890	+0.0755	865 - 915	12.1035	12.0335	12.1085	-2.0	12.1365	-1.6	12.1477	-0.5	102.4
Belgium	(BFr)	35.3700	+0.2385	500 - 900	35.3900	35.2260	35.44	-2.4	35.55	-2.0	35.75	-1.1	103.9
Denmark	(DKr)	6.7288	+0.043	275 - 300	6.7305	6.7006	6.7446	-2.8	6.7691	-2.4	6.8118	-1.2	102.9
Finland	(FM)	5.5218	+0.0252	168 - 268	5.5320	5.5102	5.5285	-1.5	5.5369	-1.1	5.548	-0.5	76.7
France	(FFr)	5.8779	+0.0279	765 - 792	5.8825	5.8640	5.8907	-2.6	5.9102	-2.2	5.9317	-0.9	103.2
Germany	(D)	1.7188	+0.0108	185 - 190	1.7215	1.7110	1.722	-2.2	1.726	-1.7	1.7259	-0.4	103.7
Greece	(Dr)	252.050	+1.5	800 - 300	252.300	250.600	255.35	-15.7	262.8	-17.1	290.3	-15.2	69.8
Ireland	(I£)	1.4243	+0.0008	230 - 255	1.4255	1.4159	1.4212	2.6	1.4158	2.4	1.4009	1.6	-
Italy	(L)	1637.95	+15.05	720 - 870	1640.55	1625.25	1644.3	-4.7	1654.55	-4.1	1685.6	-2.9	79.1
Luxembourg	(LFr)	35.3700	+0.2385	500 - 900	35.3900	35.2260	35.44	-2.4	35.55	-2.0	35.75	-1.1	103.9
Netherlands	(Fl)	1.9289	+0.0128	284 - 294	1.9312	1.9212	1.9318	-1.8	1.9355	-1.4	1.9346	-0.3	103.2
Norway	(NKr)	7.4420	+0.0424	405 - 435	7.4435	7.3905	7.4547	-2.1	7.478	-1.9	7.517	-1.0	94.4
Portugal	(Es)	174.900	+1.4	800 - 000	175.000	173.900	175.815	-6.3	177.43	-5.8	182.575	-4.4	93.5
Spain	(Pta)	138.855	+0.73	830 - 880	138.950	138.350	139.395	-4.7	140.21	-3.9	142.78	-2.8	80.9
Sweden	(SKr)	7.9016	+0.0263	978 - 053	7.9227	7.8691	7.9266	-3.8	7.9694	-3.4	8.0926	-2.4	82.2
Switzerland	(SFr)	1.4487	+0.01	484 - 489	1.4503	1.4390	1.4494	-0.5	1.4494	-0.2	1.4349	0.9	104.1
UK	(£)	1.4753	+0.0016	749 - 756	1.4756	1.4670	1.4736	1.4	1.4709	1.2	1.4656	0.6	88.4
Ecu	-	1.1270	-0.0064	267 - 272	1.1305	1.1250	1.1244	2.7	1.1207	2.2	1.1153	1.0	-
SDR	-	1.40126	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9990	-0.0013	980 - 000	1.0001	0.9980	-	-	-	-	-	-	-
Brazil	(Cr)	1043.53	+19.66	352 - 353	1043.53	1043.51	-	-	-	-	-	-	-
Canada	(C$)	1.3822	-0.0071	818 - 826	1.3852	1.3818	1.3844	-2.0	1.3884	-1.8	1.4017	-1.4	83.2
Mexico	(New Peso)	3.3633	+0.0016	608 - 658	3.3659	3.3604	3.3643	-0.4	3.3661	-0.3	3.3735	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	101.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3810	-0.0009	805 - 814	1.3899	1.3759	1.3823	-1.1	1.3869	-1.7	1.3976	-1.2	88.5
Hong Kong	(HK$)	7.7263	+0.0008	260 - 265	7.7265	7.7257	7.7298	-0.5	7.7353	-0.5	7.7601	-0.4	-
India	(Rs)	31.3675	+0.0075	650 - 700	31.3700	31.3650	31.4325	-2.5	31.5675	-2.6	-	-	-
Japan	(Y)	103.325	-	290 - 360	103.730	102.920	103.19	1.6	102.88	1.7	100.96	2.3	149.1
Malaysia	(M$)	2.6925	+0.0055	920 - 930	2.6950	2.6836	2.6855	3.1	2.67	3.3	2.7325	-1.5	-
New Zealand	(NZ$)	1.7583	+0.0047	575 - 590	1.7615	1.7513	1.7596	-0.9	1.7641	-1.3	1.786	-1.6	-
Philippines	(Peso)	27.5500	-	000 - 000	27.7000	27.4000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-	500 - 503	3.7503	3.7500	3.7509	-0.2	3.7532	-0.3	3.7647	-0.4	-
Singapore	(S$)	1.5648	+0.0013	645 - 650	1.5690	1.5615	1.5641	0.5	1.5636	0.3	1.5622	0.2	-
S Africa (Com.)	(R)	3.6053	+0.0128	045 - 060	3.6120	3.5865	3.6218	-5.5	3.6478	-4.7	3.7408	-3.8	-
S Africa (Fin.)	(R)	5.3350	-0.3085	300 - 400	5.4800	5.2600	5.369	-7.6	5.429	-7.0	-	-	-
South Korea	(Won)	810.250	-0.35	200 - 300	810.800	810.200	813.25	-4.4	816.75	-3.2	835.25	-3.1	-
Taiwan	(T$)	26.3900	+0.01	900 - 900	26.3900	26.3800	26.4555	-3.0	26.556	-2.5	-	-	-
Thailand	(Bt)	25.2700	+0.01	600 - 800	25.2800	25.2700	25.36	-3.8	25.475	-3.2	25.995	-2.9	-

†SDR rate for Apr 11. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Apr 11. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 12		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.02	16.62	4.860	1.985	4630	5.454	21.04	494.4	392.5	22.35	4.095	1.916	3.908	2.827	292.1	2.509
Denmark	(DKr)	52.56	10	8.735	2.555	1.044	2434	2.867	11.06	259.9	206.3	11.75	2.153	1.007	2.054	1.486	153.5	1.319
France	(FFr)	60.18	11.45	10	2.925	1.195	2786	3.282	12.66	297.5	236.2	13.45	2.465	1.153	2.352	1.701	175.8	1.510
Germany	(DM)	20.58	3.914	3.419	1	0.409	952.7	1.122	4.330	101.7	80.76	4.598	0.843	0.394	0.804	0.582	60.09	0.516
Ireland	(I£)	50.37	9.582	8.370	2.448	1	2332	2.747	10.60	249.0	197.7	11.25	2.063	0.965	1.968	1.424	147.1	1.264
Italy	(L)	2.160	0.411	0.359	0.105	0.043	100.	0.118	0.454	10.68	8.477	0.483	0.088	0.041	0.084	0.061	6.308	0.054
Netherlands	(Fl)	18.33	3.488	3.047	0.891	0.364	848.9	1	3.858	90.65	71.96	4.097	0.751	0.351	0.716	0.518	53.55	0.460
Norway	(NKr)	47.52	9.041	7.897	2.310	0.944	2200	2.592	10	235.0	186.5	10.62	1.948	0.911	1.857	1.343	138.8	1.192
Portugal	(Es)	20.22	3.848	3.361	0.983	0.402	936.4	1.103	4.256	100.	79.38	4.519	0.828	0.388	0.790	0.572	59.07	0.507
Spain	(Pta)	25.48	4.847	4.234	1.238	0.506	1180	1.390	5.361	126.0	100.	5.693	1.043	0.488	0.996	0.720	74.41	0.639
Sweden	(SKr)	44.75	8.514	7.437	2.175	0.889	2072	2.441	9.417	221.3	175.6	10	1.833	0.858	1.749	1.265	130.7	1.123
Switzerland	(SFr)	24.42	4.645	4.058	1.187	0.485	1131	1.332	5.138	120.7	95.84	5.458	1	0.468	0.954	0.690	71.31	0.613
UK	(£)	52.18	9.927	8.671	2.536	1.036	2416	2.846	10.98	258.0	204.8	11.66	2.137	1	2.039	1.475	152.4	1.309
Canada	(C$)	25.59	4.869	4.253	1.244	0.508	1185	1.396	5.385	126.5	100.4	5.718	1.048	0.490	1	0.723	74.74	0.642
US	($)	35.38	6.730	5.879	1.719	0.702	1638	1.929	7.444	174.9	138.8	7.905	1.449	0.678	1.382	1	103.3	0.887
Japan	(Y)	342.4	65.14	56.90	16.64	6.796	15853	18.67	72.05	1693	1344	76.51	14.02	6.562	13.38	9.678	1000.	8.589
Ecu		39.86	7.584	6.624	1.937	0.791	1846	2.174	8.388	197.1	156.5	8.908	1.633	0.764	1.558	1.127	116.4	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	0.5823	0.5797	-0.0025	0.5823	0.5791	36,134	90,389
Sep	0.5775	0.5785	-0.0022	0.5785	0.5774	12	2,605
Dec	-	0.5787	-	-	0.5787	2	121

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	0.9715	0.9681	-0.0047	0.9743	0.9669	37,563	54,249
Sep	0.9730	0.9737	-0.0044	0.9748	0.9725	399	2,336
Dec	-	-	-	-	-	-	-

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	0.6933	0.6899	-0.0034	0.6936	0.6893	13,525	34,005
Sep	-	0.6914	-	-	0.6905	104	366
Dec	-	-	-	-	-	-	-

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	1.4670	1.4702	+0.0026	1.4714	1.4644	9,370	47,449
Sep	-	1.4670	-	1.4670	-	8	926
Dec	-	1.4640	-	1.4640	-	7	33

EMS EUROPEAN CURRENCY UNIT RATES

Apr 12	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.792363	-0.004042	-2.01	4.33	14
Netherlands	2.19672	2.17530	+0.00172	-0.98	3.24	-
Belgium	40.2123	39.8563	-0.0131	-0.88	3.14	6
Germany	1.94964	1.93825	+0.0014	-0.58	2.83	-
France	6.53883	6.62656	-0.00672	1.34	0.88	-11
Spain	154.250	156.503	-0.203	1.46	0.76	-10
Denmark	7.43679	7.58108	-0.00185	1.94	0.29	-13
Portugal	192.854	197.161	+0.096	2.23	0.00	-15
NON ERM MEMBERS						
Greece	264.513	283.957	-0.236	7.35	-4.77	-
Italy	1793.19	1847.45	+9.67	3.03	-0.77	-
UK	0.786749	0.766031	-0.002635	-2.63	5.00	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.400	7.07	6.95	7.02	-	0.01	0.23
1.425	4.57	4.63	4.91	-	0.18	0.61
1.450	2.15	2.62	3.14	-	0.66	1.32
1.475	0.27	1.22	1.84	0.60	1.70	2.45
1.500	-	0.44	0.96	2.74	3.37	4.01
1.525	-	0.11	0.44	5.23	6.52	6.97

Previous day's vol., Calls N/A Puts N/A. Prev. day's open int., Calls N/A Puts N/A

WORLD INTEREST RATES

MONEY RATES

April 12	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.40	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.40	5.00	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.90	7.75
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.90	7.75
Germany	5.78	5.70	5.60	5.50	5.36	6.75	5.25	5.73
week ago	5.90	5.70	5.70	5.60	5.43	6.75	5.25	5.76
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.75
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.75
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	8.00	8.27
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	8.00	8.27
Netherlands	5.53	5.44	5.31	5.27	5.25	-	5.25	-
week ago	5.47	5.44	5.33	5.25	5.22	-	5.25	-
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.625	4.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.625	4.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	-	-	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	-	-	3.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	-	-	1.75	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	-	-	1.75	-

■ $ LIBOR FT London Interbank Fixing; US Dollar CDs; SDR Linked Ds — [illegible]

ECU Linked Ds mid rates; $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 12	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.10	94.11	+0.03	94.12	94.10	11,421	78,770
Sep	94.34	94.36	+0.05	94.37	94.34	8,640	45,134
Dec	94.51	94.50	+0.02	94.53	94.49	6,811	33,092
Mar	94.60	94.57	-	94.62	94.57	3,457	40,159

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.54	95.54	+0.02	95.54	95.53	159	4829
Sep	94.96	94.97	+0.04	94.96	94.95	117	2202
Dec	94.38	94.38	+0.04	94.38	94.37	86	1436
Mar	94.13	94.12	+0.04	94.13	94.13	71	874

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	94.58	94.59	+0.03	94.60	94.57	23469	227452
Sep	94.85	94.84	+0.01	94.88	94.83	15150	166162
Dec	95.00	94.99	+0.01	95.03	94.97	22421	166492
Mar	95.09	95.07	-	95.13	95.07	10268	165103

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.12	92.07	+0.01	92.13	92.03	5686	55082
Sep	92.34	92.30	+0.01	92.34	92.27	2711	24968
Dec	92.46	92.40	-	92.46	92.39	1767	36749
Mar	92.44	92.40	-	92.44	92.30	2881	7612

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	96.06	96.02	-0.03	96.07	96.02	1787	34256
Sep	96.15	96.12	-0.03	96.15	96.11	541	8558
Dec	96.08	96.09	-0.01	96.11	96.08	132	3780
Mar		95.95	-0.01			0	413

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	94.01	94.00	+0.01	94.02	94.00	471	11208
Sep	94.23	94.21	+0.01	94.23	94.21	289	11491
Dec	94.34	94.33	+0.01	94.34	94.33	183	6685
Mar	94.35	94.35	+0.02	94.35	94.34	109	1757

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	95.52	95.53	+0.01	95.56	95.52	59,971	477,409
Sep	94.95	94.96	+0.01	94.99	94.94	61,594	374,878
Dec	94.38	94.38	+0.01	94.41	94.37	54,653	297,153

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open Int.
Jun	95.98	95.98	+0.01	95.98	95.98	2,609	40,809
Sep	95.49	95.48	-	95.50	95.48	429	9,599
Dec	95.02	95.02	+0.02	95.02	95.02	80	4,651

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.14	0.41	0.50	0.05	0.07	0.10
9475	0.04	0.24	0.33	0.20	0.15	0.17
9500	0.01	0.12	0.26	0.42	0.28	0.27

Est. vol. total, Calls 1953 Puts 483. Previous day's open int., Calls 204692 Puts 148541

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9600	0.10	0.24	0.26	0.08	0.12	0.19
9625	0.04	0.11	0.15	0.27	0.24	0.31
9650	0.02	0.05	0.08	0.50	0.42	0.46

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 401 Puts 3958

UK INTEREST RATES

LONDON MONEY RATES

Apr 12	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	$4\frac{5}{8}$ - $3\frac{3}{4}$	$4\frac{13}{16}$ - $4\frac{11}{16}$	$5\frac{1}{8}$ - 5	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{3}{4}$ - $5\frac{5}{8}$
Sterling CDs	-	-	$5\frac{1}{32}$ - $4\frac{31}{32}$	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{3}{16}$ - $5\frac{1}{4}$	$5\frac{5}{8}$ - $5\frac{1}{2}$
Treasury Bills	-	-	$4\frac{7}{8}$ - $4\frac{13}{16}$	5 - $4\frac{13}{16}$	-	-
Bank Bills	-	-	$4\frac{7}{8}$ - $4\frac{13}{16}$	5 - $4\frac{13}{16}$	$5\frac{1}{8}$ - $5\frac{1}{16}$	-
Local authority deps.	$4\frac{3}{16}$ - $4\frac{1}{16}$	$4\frac{13}{16}$ - $4\frac{11}{16}$	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{3}{16}$ - $5\frac{3}{16}$	$5\frac{5}{8}$ - $5\frac{1}{2}$
Discount Market Deps	$4\frac{5}{8}$ - 4	$4\frac{5}{8}$ - $4\frac{9}{16}$	-	-	-	-

UK clearing bank base lending rate $5\frac{1}{4}$ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$1\frac{1}{2}$	4	$3\frac{1}{4}$	$3\frac{1}{4}$	$3\frac{1}{2}$

Certs of Tax dep. under £100,000 is $1\frac{1}{2}$pc. Deposits withdrawn for cash $\frac{1}{2}$pc.
Ave. tender rate of discount 4.9125pc. ECGD fixed rate Stlg. Export Finance. Make up day March 31, 1994. Agreed rate for period Apr 26, 1994 to May 24, 1994, Schemes II & III 6.47pc. Reference rate for period Mar 1, 1994 to Mar 31, 1994, Schemes IV & V 5.214pc. Finance House Base Rate $5\frac{1}{2}$pc from Apr 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	94.58	94.57	+0.01	94.60	94.56	14890	111590
Sep	94.37	94.34	-0.01	94.40	94.33	9439	81758
Dec	94.10	94.04	-0.01	94.11	94.04	11454	116462
Mar	93.70	93.64	-0.02	93.70	93.63	3301	46319

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9450	0.18	0.21	0.20	0.11	0.37	0.68
9475	0.07	0.12	0.13	0.25	0.53	0.84
9500	0.02	0.06	0.07	0.45	0.72	1.03

Est. vol. total, Calls 2468 Puts 2075. Previous day's open int., Calls 150851 Puts 181412

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	●Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bank of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	●Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

صكنا من الاهل

هكذا من الاصل

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 12 / Sch)

BELGIUM/LUXEMBOURG (Apr 12 / Frs.)

DENMARK (Apr 12 / Kr)

FINLAND (Apr 12 / Mkk)

FRANCE (Apr 12 / Frs.)

NETHERLANDS (Apr 12 / Fls.)

GERMANY (Apr 12 / Dm.)

NORWAY (Apr 12 / Kroner)

SPAIN (Apr 12 / Pts.)

SWEDEN (Apr 12 / Kroner)

SWITZERLAND (Apr 12 / Frs.)

ITALY (Apr 12 / Lire)

PACIFIC

JAPAN (Apr 12 / Yen)

AUSTRALIA (Apr 12 / AustS)

HONG KONG (Apr 12 / H.K.S)

MALAYSIA (Apr 12 / MYR)

SINGAPORE (Apr 12 / SS)

NORTH AMERICA

CANADA

TORONTO (Apr 12 / Can $)
4 pm close

MONTREAL (Apr 12 / Can $)
4 pm close

AFRICA

SOUTH AFRICA (Apr 12 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, April 12, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.4m	341	-9	Ishihara Sangyo	2.7m	403	+9
Denki Kagaku	4.1m	386	-11	Hitachi	2.7m	958	-11
Teijin	3.1m	516	-25	Tokyu Car Corp	2.6m	632	+42
Sumitomo Coal	3.0m	940	-1	Ricoh	2.6m	870	-7
Matsushita Ind	2.8m	1710	+10	Nissan	2.6m	860	+2

INDICES

	Apr 12	Apr 11	Apr 8	1994 High		1994 Low	
Hang Seng(31/7/64)	9730.09	9476.77	9298.22	12201.09	4/1	8567.83	21/3
India BSE Sens.(1979)	3915.1	(c)	3878.5	4287.90	28/2	3454.08	5/1
Indonesia Jakarta Comp.(10/8/82)	(u)	456.91	453.43	612.89	5/1	458.91	11/4
Ireland ISEQ Overall(4/1/88)	1849.69	1834.56	1824.23	2082.18	20/1	1801.05	5/4
Italy Banca Comm Ital (1972)	800.50	758.64	758.63	800.59	12/4	588.85	10/1
MIB General (4/1/94)	1291.0	1247.0	1212.0	1291.00	12/4	944.80	10/1
Japan Nikkei 225 (16/5/49)	19848.33	19898.08	19934.98	20677.77	18/3	17369.74	4/1
Nikkei 300 (1/10/82)	293.33	296.37	288.41	304.28	1/3	268.22	4/1
Topix (4/1/68)	1600.72	1614.05	1613.30	1659.27	16/3	1445.97	4/1
2nd Section (4/1/68)	2227.30	2234.41	2226.42	2244.58	7/4	1973.33	4/1
Malaysia KLSE Comp.(4/4/86)	1024.82	973.34	981.95	1314.46	5/1	929.33	4/4

	Apr 12	Apr 11	Apr 8	1994 High		1994 Low	
Istanbul Comp.(Jan 1986)	20289.6	20401.5	20034.5	28883.80	13/1	12998.70	24/3
WORLD MS Capital Int (1/1/70)$	609.3*	610.7	604.3	641.00	1/2	581.69	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1486.27	1479.07	1461.08	1540.19	31/1	1393.80	2/3
Euro Top-100 (26/6/90)	1274.26	1270.07†	1255.09	1311.01	2/2	1202.49	2/3
JCapelDrgns (31/12/88)	(u)	312.06	306.55	395.18	5/1	290.28	21/3
Barings Emerg(7/1/92)	153.63	151.67	151.22	182.72	14/2	147.35	5/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	2164.0	2158.0	+7.0	2171.0	2153.0	17,747	25,513
May	2165.0	2159.0	+7.0	2168.0	2155.5	327	9,669
Jun	2149.0	2142.0	+7.0	2150.0	2139.0	363	22,407

Open interest figures for previous day.

~ Sat Apr 9 : Taiwan Weighted Price 5565.84; Korea Comp Ex 883.42. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours Index: Apr 12 - 2211.19 -13.66

US INDICES

Dow Jones	Apr 11	Apr 8	Apr 7	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3688.83	3674.26	3693.26	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	99.39	99.60	99.94	105.81 (21/1)	99.39 (11/4)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1628.57	1637.39	1653.73	1862.29 (2/2)	1606.94 (4/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	194.31	194.63	195.81	227.86 (3/1)	192.99 (4/4)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3720.68 (3717.15) Low 3651.35 (3644.06) (Theoretical♦)
Day's high 3700.73 (3701.05) Low 3670.39 (3655.25) (Actual♦)

Standard and Poors	Apr 11	Apr 8	Apr 7	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	449.87	447.10	450.88	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¥	524.67	522.53	527.30	560.59 (2/2)	513.34 (4/4)	560.59 (2/2/94)	3.62 (21/6/32)
Financial¥	44.09	43.16	43.16	46.56 (31/1)	41.39 (4/4)	46.46 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	249.45	249.29	250.22	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	440.66	441.21	441.76	487.89 (2/2)	434.13 (4/4)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	748.11	748.71	755.17	803.93 (18/3)	727.41 (4/4)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Apr 8	Mar 31	Mar 25	Year ago
Dow Jones Ind. Div. Yield	2.78	2.81	2.70	3.02
	Apr 6	Mar 30	Mar 23	Year ago
S & P Ind. Div. yield	2.48	2.51	2.39	2.49
S & P Ind. P/E ratio	23.87	23.55	24.83	26.13

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	450.25	450.40	-0.20	450.60	449.60	71,101	185,464
Sep	-	-	-	-	-	-	-
Dec	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Chrysler	3,630,200	51¼	+½
Merck	3,137,200	29¾	-¼
Johnson & Jon	3,080,800	38¾	+1⅝
Nationsbank	2,301,300	51¼	+2¾
Airtouch	2,255,800	21⅞	+⅛
Telefonos	2,250,100	57¼	-⅛
Philip Morris	2,208,700	48⅞	-1
Citicorp	2,132,100	38¾	+1
Amer T & T	2,011,500	50	-⅛
GTE Corp	1,969,300	30	+⅛

■ TRADING ACTIVITY

● Volume (million)

	Apr 11	Apr 8	Apr 7
New York SE	237.575	257.465	281.320
Amex	14.262	14.345	16.289
NASDAQ	238.173	268.821	284.688
NYSE			
Issues Traded	2,784	2,791	2,772
Rises	1,167	802	1,363
Falls	1,013	1,389	758
Unchanged	604	600	651
New Highs	29	24	32
New Lows	88	78	58

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

4 pm close April 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17 3/8	14 1/8	AAR	0.48	3.0	533	86	16 1/8	16	16	
16 7/8	14	A L Labs A	0.18	1.2	36	38	15 5/8	15 1/2	15 1/2	
65 1/2	58 3/4	AMP	1.68	2.8	20	2502	59 7/8	59	59	-7/8
72 3/4	55 1/2	AMR			27	2282	57	56 1/4	56 7/8	+5/8
5	3 5/8	ARX			15	230	4 5/8	4 1/2	4 1/2	-1/4
56 1/8	39 3/4	ASA	2.00	5.0	28	825	40 5/8	d39 3/4	40 3/8	+1/2
30 5/8	25 3/8	AbbotL x	0.76	2.9	15	7418	27	26 1/4	26 1/4	-1/2
13 3/4	11 3/8	Abitibi Pr	0.50	3.9	8	70	13 1/8	12 7/8	12 7/8	+1/8
13 3/4	11 1/8	Acpincaln			21	38	11 3/4	11 1/2	11 3/4	+1/4
31	24 1/2	ACE Ltd	0.40	1.4	4	319	28 1/2	28 1/4	28 1/4	
12 1/2	10 1/8	ACM Gvt In	1.09	9.8		561	11 1/4	11	11 1/8	
10 1/8	7 7/8	ACM GvOpp	0.80	9.6		27	8 3/8	8 1/4	8 1/4	-1/4
10 5/8	8 3/8	ACM Gvt Sp	0.98	10.8		121	8 7/8	8 3/8	8 7/8	+1/8
12	9 3/4	ACM Gvt Sa	1.09	10.4		320	10 1/2	10 1/4	10 1/2	+1/8
11 3/4	8 3/4	ACM Man	1.08	10.9		443	10	9 3/4	9 7/8	+1/8
9 1/4	8	ACM Managd	0.72	8.6		276	8 3/8	8 1/4	8 3/8	+1/8
11 3/4	8 3/4	AcmeCtr	0.44	3.9	14	441	11 1/2	10 7/8	11 3/8	
8 1/2	7 1/8	Acme Elect			35	5	8 1/8	8	8 1/8	+1/8
28 3/4	23	Acordia	0.60	2.2	13	56	27 3/8	26 7/8	27 3/8	+3/8
9 1/4	5 3/4	Actava	0.36	5.6	2	66	6 1/2	6 3/8	6 3/8	
13 3/8	11 3/4	Acuson			98	287	12 7/8	12 3/4	12 3/4	
18 3/8	16 1/2	Adams Expr	0.36	2.1	0	159	17	16 7/8	16 7/8	-1/4
64	46 1/2	Ad Micro	3.00	5.8		1783	55 1/8	53 1/2	53 3/4	-2 1/2
[illegible]										
32 1/2	29 1/2	Barnes Grp	1.40	4.3	46	14	32 3/8	32	32 1/4	-1/4
48 1/8	39 3/4	BarnBk	1.44	3.1	11	3825	46 7/8	45 3/4	46 1/2	-3/8
12 1/2	10 1/8	BattlMt	0.05	0.5	107	2367	10 7/8	10 1/2	10 3/4	+1/4
53 3/8	45 3/4	Bausch	0.98	2.1	17	919	46 3/4	46 1/8	46 3/4	+1/2
24 3/4	21 5/8	Baxter	1.00	4.4	23	4059	22 7/8	22 1/2	22 7/8	-1/8
28 3/8	23 5/8	Bay St Gas	1.42	5.6	15	37	25 3/8	25 1/8	25 3/8	+1/8
22 1/2	20 3/8	Bo Tr 1838 x	1.72	8.5		43	20 3/8	d20	20 1/4	+1 1/2
24 5/8	18 3/4	Bear Stms	0.60	3.0	5	3566	20 1/4	19 3/4	19 7/8	-3/8
50	48 1/2	BearSPIA	2.75	5.6		2	49 1/2	49 1/2	49 1/2	

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Continued on next page

4 pm close April 12

NYSE COMPOSITE PRICES

1994 High	1994 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
Continued from previous page										
18½	13⅝	StdyIO	0.36	2.6	7	2875	14¼	14	14	-⅛
27	19¼	Safeway			25	715	26¼	25⅞	25⅞	-⅜
8⅞	4⅞	Safeway/tr96				106	8¼	8⅛	8¼	+⅛
57⅞	50¼	StJoePaper	0.20	0.4	284	55	54½	53¾	54	-⅞
30¼	28	StJosL&P	1.80	6.1	14	7	29½	29½	29½	-⅛
80	78⅞	StPaul	3.00	3.8	8	834	80⅛	78⅞	78¾	+1⅛
9⅞	6¾	Salant Crp			9	85	7⅞	7⅞	7⅞	+⅛
49⅞	42⅞	Sallie Mae	1.40	3.3	8	1700	43¼	42⅞	42⅞	+1¼
13⅞	11⅞	Salomon Br	0.34	2.7		552	12⅝	12⅛	12⅞	-¼
52¼	44¼	Salomon	0.64	1.2	7	2548	52½	51⅞	51⅞	-½
25	21½	SnDgGE	1.52	6.9	11	927	22⅛	22	22	
10	7½	SantaFeERs	0.16	2.0	8	550	8	7¾	7⅞	-⅛
40	34⅞	SantaFePac	2.80	7.8	16	65	35⅞	35	35⅞	+⅞
28¼	21¾	SanFeP	0.10	0.4	13	4165	24⅝	24	24⅛	-⅛
26	20⅞	SaraLee	0.64	3.0	14	6118	21⅞	21½	21½	-⅛
50⅛	44⅛	Scana Corp	2.82	6.3	11	298	44¾	d44½	44⅝	-⅛
20½	18	Scecrp x	1.42	8.8	11	4094	18¼	d18	18⅛	
40½	34¼	SchererRP			26	622	35¼	34⅞	35¼	+⅜
69⅞	54½	SchPl	1.80	3.2	13	2715	57¼	55⅝	55⅞	+⅛
61½	50¼	Schlmb	1.20	2.3	21	4820	52	51¼	51⅞	-⅛
33	25¼	Schwab(C)	0.28	1.0	13	1881	28⅞	27¾	27¾	-⅞

1994 High	1994 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
54½	50	Xerox4.125	4.12	8.0		2100	51½	51½	51½	
60⅞	40	Xtra Corp	0.56	1.3	19	266	43½	42¾	42⅞	-¼
25½	22	Yankee Egy	1.16	5.3	12	10	22⅛	d22	22	
40	33⅞	York Int	0.16	0.4	18	415	38⅛	37⅝	37¾	-½
1⅞	1	Zapata			6	1248	1¼	d1	1⅛	
13½	7	ZenithEl			3	1324	9½	9⅞	9⅞	-⅛
24¼	20⅝	Zenith Nat	1.00	4.4	8	385	22⅞	22½	22½	-¼
7⅞	6⅝	Zeniz Inc	0.82	11.1		225	7½	7⅜	7⅜	+⅛
16⅛	12⅝	Zero	0.40	2.9	16	35	13⅞	13⅝	13¾	-⅜
29¾	22	Zurn Ind	0.88	3.9	72	127	22⅞	22⅜	22⅝	+⅜
13⅞	12⅛	Zweig Fund x	1.16	9.2		221	12⅞	12⅝	12⅝	-¼
10¾	9⅛	Zweig Tot x	0.84	8.8		138	9⅝	9½	9½	-⅛

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1994. [illegible]

AMEX COMPOSITE PRICES

4 pm close April 12

NASDAQ NATIONAL MARKET

4 pm close April 12

FINANCIAL TIMES Wednesday April 13 1994

AMERICA

Motorola plunges as data fail to lift Dow

Wall Street

Good inflation news failed to lift US share prices yesterday as the stock market remained trapped in a narrow trading range either side of opening values throughout the morning session, *writes Patrick Harverson in New York.*

By 1pm, the Dow Jones Industrial Average was down 3.27 at 3,685.56, having spent the morning no more than a few points off Monday's close.

The more broadly based Standard & Poor's 500 was also little changed at the half-way mark, down 1.43 at 448.44, while the American Stock Exchange composite was 1.59 lower at 439.07 and the Nasdaq composite 6.96 down at 741.15.

Trading volume on the New York SE came to 148m shares by 1pm.

The first leg of the eagerly awaited March inflation data produced no surprises. The Labor Department reported that producer prices rose by 0.2 per cent last month and that core producer prices, a measure which excludes the volatile food and energy components, were also up 0.2 per cent.

Both sets of figures were in line with analysts' forecasts, and helped to reassure investors that inflation is not rising sharply alongside the rapidly growing economy.

The bond market reacted well, with the benchmark 30-year bond rising slightly, lowering the yield to 7.21 per cent.

The positive PPI raised hopes that the consumer prices index, due out today, will also show no sign of resurgent inflation.

The stock market, however, was unable to hold on to its early gains achieved in the wake of the PPI report.

The technology sector was hit by selling after Motorola produced disappointing results late on Monday, and after the Semiconductor Industry Association yesterday reported a flat reading on March sales.

Motorola plunged $13 to $94 in volume of 4.4m shares, continuing a sell-off that had started in after-hours' trading late on Monday.

Elsewhere in the semiconductor sector, Texas Instruments dropped $4½ to $74⅞, Compaq $3⅛ to $101⅛, Micron Technology $4⅞ to $86⅛ and National Semiconductors $1 to $19.

McDonnell Douglas climbed $3⅞ to $112⅛ in anticipation that the company would announce that it had won a $400m contract to launch satellites for a mobile phone system.

Automobile manufacturers ran into profit-taking, with General Motors losing $½ to $57½ and Ford easing $¾ to $57¾.

On the Nasdaq market, big technology stocks were mostly lower. Intel fell $2⅛ to $66⅝, Apple gave up $1 at $32⅛, Sun Microsystems eased $1⅛ to $23⅜, and Microsoft dropped $2½ to $84¼.

Canada

Toronto stocks edged lower in quiet midday trading. The TSE 300 index was off 11.49 at 4,291.51 in volume of 28.5m shares valued at C$355.8m.

The metals and mining index was down 43.93 or 1.2 per cent at 3,565.23. Inco was the most active mining stock, falling C$⅜ to C$32¼ in volume of 283,000 shares.

Mexico

Mexican equities, which on Monday closed at their lowest level since last November, continued to retreat as worries surfaced over the likelihood of disappointing first-quarter results, due to be announced in coming weeks. Investors are also concerned at further possible interest rate rises.

The IPC index was down 15.22 at 2,193.26 in early trading, with turnover, as on Monday, reported as light.

Singapore banks on safe and steady reputation

Kieran Cooke finds a fundamentally strong market

Singapore's stock market has a dull reputation in comparison with its more volatile neighbouring bourses, with Kuala Lumpur, Bangkok, Manila and Jakarta delivering far more adrenalin per share to adventurous traders.

But when other markets in south-east Asia become nervous, Singapore – safe and reasonably steady – begins to look more attractive.

Overwhelmed by a record breaking bull run in late 1993 and early 1994, south-east Asia's stock markets have been jolted back to earth in recent weeks. In the second half of last year foreign funds, mainly from the US, flooded into Singapore and other regional markets. A combination of rising interest rates in the US and falling bond prices have caused a sizeable chunk of those funds to be withdrawn recently.

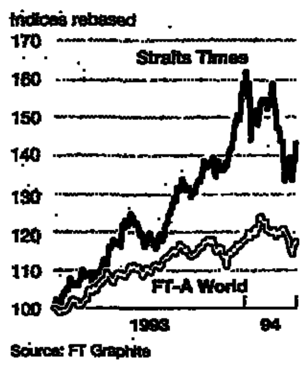
Kuala Lumpur, which advanced nearly 100 per cent in 1993, has been helped by a rebound in the past two days but has still fallen by about 20 per cent so far this year. Singapore, which rose just under 60 per cent in 1993, has had a softer landing, declining about 8 per cent since January 1.

This week there were signs of a recovery in Singapore as the market found favour with foreign investors seeking a safe haven for their funds. Analysts say a 3 per cent advance by the local Straits Times Industrial index on Monday, followed by a 2.3 per cent gain yesterday to 2,233.66, was mainly due to Japanese investors, worried about developments at home in the wake of the resignation as prime minister of Mr Morihiro Hosokawa, moving funds into Singapore.

"Investors are less adventurous now," says Mr Paul Schymyck, regional economist at Smith Barney Shearson, HG Asia in Singapore. "People are becoming more realistic, less carried away by market euphoria. They are looking at the fundamentals – and in Singapore the fundamentals still appear very sound."

The buoyant stock market, coupled with strong growth in the overall financial services sector, helped to propel Singapore's economic growth to 9.9 per cent last year. A repeat performance is unlikely in 1994, although the government is forecasting a still very respectable 6 to 8 per cent growth rate.

Singapore



Source: FT Graphite

Other countries in south-east Asia saw foreign investments, viewed as an important barometer of overall economic confidence, drop sharply last year. But inward investment into Singapore has continued to increase.

Companies continue to show strong earnings growth, with the four main banks, among the republic's biggest listed companies, showing pre-tax profits up between 40 and 50 per cent last year – much of it due to the buoyant stock market activity. While that performance is unlikely to be repeated in 1994, banks are now using their considerable resources to expand overseas and strong earnings will come from increased regional loan business.

Singapore is sitting on a mountain of savings: it has foreign exchange reserves of well above $40bn and funds in the central provident fund, a compulsory savings scheme, are now S$52bn ($34bn).

There was a local rush for shares in Singapore Telecom, the biggest listed company, which was partially privatised last year. The ST float, which valued the company at S$70bn or about 80 per cent of the market capitalisation of British Telecom, was evidence of how much liquidity there was in the local market.

The government relaxed Central Provident Fund rules to allow Singaporeans to use increasing amounts of the funds to buy ST and other shares. Most traders feel that there is now too much liquidity chasing too few shares. There was disappointment when the government, in its February budget, announced that there would be no more big flotations of state companies for two years.

Frustrated investors show an increasing tendency to invest in other markets. More than 50 per cent of the market's turnover is in Malaysian stocks, traded over the counter.

Singaporeans are also looking further afield: the Bank of Thailand says that they formed the biggest group of foreign investors in the Bangkok market in 1993, with the Singapore Investment Corp, the state investment agency, leading the charge.

"Liquidity is never going to be a problem in Singapore," says one local broker. "The difficult part is finding enough solid companies to invest in – at a reasonable price."

EUROPE

Property loan worries affect Frankfurt

Bourses were bruised on the periphery, with Warsaw's stock exchange authorities offering a hostage to fortune, and stable among the seniors where only Frankfurt detached from a gentle uptrend, *writes Our Markets Staff.*

FRANKFURT saw uninspiring results and worries over Deutsche Bank's exposure, estimated by outside sources at between DM1bn to DM1.2bn, to the financial difficulties of a Frankfurt property company. The Dax index ended 14.73 lower at 2,210.60.

Deutsche Bank fell DM17.50 to DM791.50 and, among companies reporting results yesterday, AEG by DM4.30 to DM178.50 and Deutsche Babcock by DM10.50 to DM269.50. Turnover eased from DM9.6bn to DM9.5bn.

Ms Barbara Altmann at B Metzler in Frankfurt acknowledged that the Deutsche Bank scare was important in setting the tone of the day, but she added that the market was due for some profit-taking after four days on the upgrade.

The property loans were mortgage backed, Ms Altmann noted, and unlikely to affect Deutsche Bank, with a recent equity capitalisation of around DM38bn, to any great extent. The weak corporate results, she said, were no surprise.

Among the winners, PWA rose DM9, or over 4 per cent to DM229.50, after 10 per cent paper pulp price increases in Sweden this week.

PARIS was little changed overall although there were some interesting individual stories. The CAC-40 index added 3.27 to 2,148.55, just above the session low.

Peugeot and Michelin both recorded intra-day highs before losing some of their gains before the close. The carmaker, which reached a high of FFr913, closed up FFr10 at FFr905, while the tyre manufacturer, which is due to announce 1993 results today, added FFr11.70 to FFr273. Analysts are forecasting that Michelin will announce losses of between FFr3bn to FFr3.5bn.

UAP, which began pre-placement of shares ahead of privatisation, lost FFr4.70 to FFr170.30. The government has said that it will announce the issue price in the next few weeks.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Apr 12 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1487.71	1489.00	1488.13	1487.60	1488.13	1488.50	1486.66	1486.27
FT-SE Eurotrack 200	1501.45	1502.19	1502.71	1502.00	1502.00	1503.22	1503.33	1500.59

	Apr 11	Apr 8	Apr 7	Apr 6	Apr 5
FT-SE Eurotrack 100	1479.07	1461.06	1457.70	1448.03	1428.65
FT-SE Eurotrack 200	1488.72	1477.01	1475.47	1468.41	1446.82

Base 1000 (26/10/90); High/day: 100 - 1490.23; 200 - 1503.92 Low/day: 100 - 1485.74 200 - 1500.40

MILAN's telematic electronic trading system ground to a halt, unable to cope with a flood of orders from would-be small investors, who have taken over the running from foreign institutions and Italian mutual funds in recent sessions.

On Monday, the market was swamped with 110,000 orders, almost twice the number that the telematic is designed to handle. Yesterday's trading was reduced to two, brief pre-bourse sessions, which resulted in a 24.62 or 3.2 per cent rise in the Comit index to a seven and a half year high of 800.50, as the system struggled to digest 37,000 orders lodged during the pre-opening session, almost three times the usual level.

In London, Ferruzzi, traded on Seaq International, rose L280 or 13.9 per cent to L2,290 following Monday's announcement of its complex rights issue. Fiat rose L95 to L6,705.

ZURICH was hesitant as it waited for US data, but the SMI index picked up to finish 3.8 higher at 2,887.8 on producer price inflation figures in line with expectations.

Nestlé rose SFr17 to SFr1,251 as selling pressure by London investors eased, while Brown Boveri put on SFr26 to SFr1,238.

Rieter registered shares added SFr150 or 10 per cent to SFr1,650 as the textile machinery company unveiled 1993 results. Schindler, the elevator and rolling stock manufacturer put on SFr70 to SFr1,715 on its hopes for at least maintained operating profits in 1993.

AMSTERDAM edged forward with some investors becoming wary of options expiry on Friday. The AEX index put on 1.23 to 423.94.

Akzo rose Fl 4.50 to Fl 221.30 on foreign interest after Goldman Sachs included it in its issue of call warrants on a basket of European chemical stocks.

HELSINKI was led higher by demand for forestry shares after Monday's news of planned pulp price increases. The Hex index added 29.8 or 1.6 per cent to 1,862.0. OSLO's all share index rose 12.09 or 1.9 per cent to 660.56, as hopes rose for firmer oil prices.

WARSAW fell sharply as the stock exchange authorities suspended the 10 per cent limit on price movements for the next three sessions. The WIG index tumbled 1,257.98 or 10.5 per cent to 10,701.8, bringing accumulated falls over the previous four weeks to some 40 per cent.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Kuala Lumpur leads region with 5.3% gain

Tokyo

Political uncertainty continued to keep investors on the sidelines, and the Nikkei 225 average ended 1.3 per cent down on arbitrage-related selling, *writes Emiko Terazono in Tokyo.*

The index fluctuated narrowly, losing 249.75 at 19,648.33 after a day's high of 19,884.78 and low of 19,647.63, its eventual decline also reflecting profit-taking by some overseas investors.

Volume totalled 265m shares, against Monday's 224m. Most domestic investors remained inactive, watching the political struggle to decide a successor as prime minister to Mr Morihiro Hosokawa.

Meanwhile, the yen gained ground on speculative selling of the dollar, breaching the Y103 level for the first time since April 5.

"The situation seems more unstable than most people had expected," said Mr Jim Vestal, chief economist at Barclays de Zoete Wedd. However, he added that the only immediately negative factor affecting the economy was the instability of the yen, and the squeeze on earnings at export-oriented manufacturers.

But some analysts were concerned that business confidence might start to wane if the political instability drags on. "The situation is disheartening for the business community at a time when companies are trying hard to get their act together," said an official at a consumer electronics company.

The Topix index of all first section stocks shed 13.33 to 1,600.72, while the Nikkei 300 declined 3.04 to 293.33. Falls outpaced advances by 715 to 300, with 136 issues unchanged. But in London the ISE/Nikkei 50 index put on 1.01 at 1,313.95.

Some investors dabbled in small-lot shares but blue chips were hit by profit-taking. Nippon Steel, the most active issue of the day, dipped Y9 to Y341 and Nippon Telegraph and Telephone lost Y9,000 at Y892,000.

The rise in the yen hurt export-oriented high-technology issues, Hitachi retreating Y11 to Y958 and Sony Y40 to Y5,920. But small-lot buying by institutional investors supported some blue chip electricals, NEC rising Y20 to Y1,130 and Fujitsu Y10 to Y1,020.

Arbitrage selling weakened banks, Industrial Bank of Japan receding Y40 to Y3,190 and Sumitomo Bank Y30 to Y2,220. Brokers were also lower, with Nomura Securities falling Y50 to Y2,240.

In Osaka, the OSE average dipped 84.61 to 21,986.52 in volume of 12.6m shares. Rohm, a leading semiconductor device maker, relinquished Y50 to Y3,790 on profit-taking.

Roundup

Rebounds were seen in some regional markets as foreign demand revived. Mr Peter Churchouse of Morgan Stanley in Hong Kong noted that Japanese funds which had accumulated cash since the start of the year were finding some of the Asian markets increasingly attractive, following declines of between 20 per cent to almost 30 per cent from their January peaks. Tokyo, conversely, had risen by 30 per cent during the same period.

Bangkok and Jakarta were closed for public holidays.

KUALA LUMPUR jumped 5.3 per cent as foreign demand for blue chips sent the composite index back through the 1,000 level. The index, which has fallen by 26 per cent since January 5, added 51.48 at 1,024.82, although brokers said it was too early to tell whether the rise would be sustainable. Volume surged to 199m shares from Monday's 86m.

HONG KONG climbed 2.8 per cent as foreign buying revived, the Hang Seng index ending 261.32 up at 9,738.09. Turnover jumped to HK$5.9bn from the previous day's HK$3.0bn.

Shares in Jardine group companies continued to rise after recent losses stemming from the announcement of a delisting in Hong Kong. Jardine Strategic gained HK$1.70 at HK$30.50 and Jardine Matheson HK$1.50 at HK$56.50.

AUSTRALIA moved higher in late trading on strength in the futures market.

The All Ordinaries index was finally 19.1 ahead at 2,095.1 after touching 2,098.5. Turnover came to A$542m.

The newly listed SGIO Insurance was the day's main story, finishing 19 cents up from its issue price of A$1.00, with some 20m shares changing hands.

NEW ZEALAND was firmer, the NZSE-40 capital index putting on 28.18 at 2,151.87, helped by strong rises in Telecom, up 14 cents at NZ$5.18, and Fletcher Challenge, 11 cents ahead at NZ$3.27.

KARACHI closed higher on new account buying in selected stocks of synthetics and textiles. The KSE 100-share price index rose 7.73 to 2,470.84.

SEOUL failed to maintain its momentum as profits were taken after six consecutive sessions of rises. The composite index dipped 13.60, or 1.5 per cent, to 880.87.

BOMBAY rose on buying by foreign investors but mild profit-taking towards the end pared gains, leaving the BSE 30-share index 50.38 up at 3,928.93.

SOUTH AFRICA

Shares lost ground on a combination of financial rand strength and gold price weakness. The overall index slipped 73 to 4,937, industrials 56 to 5,701 and gold shares 94 to 1,916. Among individual stocks, De Beers fell R3.50 to R105 and Anglos R4 to R204. Gold Fields firmed R1 to R99 following a strong first-quarter performance from its four gold mining companies.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	MONDAY APRIL 11 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	FRIDAY APRIL 8 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (69)	169.64	-0.8	170.66	110.80	150.63	155.92	-0.4	3.50	170.95	171.39	113.69	152.28	156.49	183.15	130.19	137.88
Austria (17)	180.84	1.0	181.93	118.11	160.57	160.42	0.8	0.97	179.02	180.00	119.05	159.46	159.15	195.41	139.63	144.88
Belgium (42)	164.92	0.9	165.91	107.71	146.44	142.68	0.4	3.81	163.40	164.29	108.67	145.55	142.25	171.69	141.92	153.92
Canada (106)	129.03	-1.1	129.81	84.28	114.57	129.81	-0.5	2.59	130.54	131.25	86.81	116.28	130.49	145.31	121.46	122.22
Denmark (32)	253.24	-0.3	254.76	165.40	224.86	230.27	-0.6	1.03	253.95	255.34	168.88	226.21	231.66	275.70	207.26	207.26
Finland (22)	147.73	1.9	148.62	96.48	131.17	170.41	1.5	0.87	145.00	145.79	96.43	129.16	167.92	156.72	81.76	81.76
France (98)	170.67	1.6	171.69	111.47	151.54	156.61	1.2	2.88	167.98	168.90	111.71	149.63	154.67	185.37	149.60	163.25
Germany (58)	139.34	1.1	140.18	91.01	123.72	123.72	0.8	1.65	137.82	138.58	91.66	122.77	122.77	142.38	107.59	113.85
Hong Kong (56)	392.71	2.2	395.08	256.49	348.71	389.50	2.2	2.72	384.14	386.25	255.47	342.19	381.10	506.56	251.27	251.27
Ireland (14)	183.60	0.7	184.71	119.91	163.03	181.74	0.5	3.31	182.36	183.36	121.28	162.45	180.61	209.33	155.93	162.76
Italy (60)	92.19	4.1	92.75	60.22	81.86	111.74	3.7	1.55	88.53	89.02	58.88	78.86	107.79	92.19	57.88	61.72
Japan (469)	156.42	1.9	157.37	102.17	138.90	102.17	0.0	0.79	153.58	154.43	102.14	136.81	102.14	165.91	124.54	137.88
Malaysia (98)	444.20	0.7	446.88	290.13	394.44	459.68	0.8	1.28	441.09	443.50	293.34	392.91	456.11	621.63	293.16	293.16
Mexico (18)	1909.45	-2.0	1920.95	1247.11	1695.47	7018.18	-2.0	0.72	1949.30	1959.98	1296.37	1736.38	7164.65	2647.08	1431.17	1660.91
Netherland (25)	201.46	2.1	202.67	131.58	178.89	176.18	1.8	3.19	197.21	196.29	131.15	175.67	173.14	207.43	163.30	169.68
New Zealand (14)	65.35	-0.8	65.75	42.68	58.03	60.85	-0.4	3.83	65.85	66.21	43.79	58.66	61.11	77.59	46.29	46.29
Norway (23)	192.52	1.1	193.68	125.74	170.95	193.36	0.9	1.72	190.38	191.43	126.61	169.59	191.65	206.42	150.61	155.37
Singapore (44)	325.33	3.8	327.30	212.49	288.89	234.41	3.4	1.67	313.46	315.18	208.46	279.23	226.71	378.92	228.08	229.51
South Africa (60)	205.55	-8.9	206.79	134.25	182.51	253.54	1.2	2.42	228.10	229.35	151.70	203.19	250.53	280.20	161.98	177.50
Spain (42)	142.75	1.1	143.61	93.24	126.75	149.38	0.7	3.96	141.25	142.03	93.94	125.82	148.23	155.79	116.33	128.19
Sweden (36)	217.54	1.0	218.85	142.08	193.16	253.81	0.9	1.54	215.31	216.49	143.19	191.79	251.69	230.02	161.41	161.41
Switzerland (49)	162.98	0.6	163.96	106.45	144.72	145.36	0.1	1.86	162.14	163.02	107.83	144.43	145.15	176.58	118.09	119.20
United Kingdom (205)	190.58	0.8	191.72	124.47	169.22	191.72	0.9	3.82	189.01	190.04	125.70	168.37	190.04	214.96	170.32	174.36
USA (520)	183.21	0.6	184.31	119.66	162.68	183.21	0.6	2.89	182.21	183.21	121.18	162.31	182.21	196.04	176.91	180.39
EUROPE (724)	168.21	1.2	169.23	109.86	149.36	161.53	1.0	2.88	166.15	167.06	110.50	148.00	159.88	178.58	141.58	144.17
Nordic (113)	207.93	0.9	209.18	135.80	184.63	212.07	0.6	1.34	206.13	207.26	137.09	183.62	210.87	220.60	153.29	153.26
Pacific Basin (750)	164.73	1.7	165.72	107.58	146.27	112.21	0.2	1.07	161.92	162.81	107.68	144.24	111.98	168.80	134.79	141.13
Euro-Pacific (1474)	166.03	1.5	167.03	108.44	147.42	131.47	0.6	1.83	163.53	164.43	108.75	145.67	130.74	170.78	141.98	142.26
North America (626)	179.85	0.5	180.93	117.46	159.69	179.51	0.5	2.88	179.00	179.98	119.04	159.45	178.61	192.73	173.70	176.78
Europe Ex. UK (519)	152.27	1.5	153.18	99.45	135.20	142.59	1.1	2.30	150.03	150.86	99.78	133.65	140.99	155.73	122.37	125.31
Pacific Ex. Japan (281)	246.39	1.1	247.88	160.93	218.78	224.52	1.2	2.61	243.67	245.00	162.05	217.06	221.84	296.21	173.34	173.34
World Ex. US (1658)	166.33	1.2	167.34	108.64	147.69	134.43	0.5	1.84	164.29	165.19	109.26	146.35	133.75	172.51	142.88	142.88
World Ex. UK (1973)	169.03	1.0	170.05	110.40	150.09	145.69	0.5	2.04	167.34	168.25	111.29	149.06	144.99	175.58	152.41	152.56
World Ex. So. Af. (2118)	170.81	1.1	171.84	111.56	151.67	148.98	0.5	2.21	168.94	169.87	112.36	150.49	148.21	178.56	154.45	154.45
World Ex. Japan (1709)	180.71	0.6	181.79	118.02	160.46	177.47	0.7	2.83	179.57	180.56	119.42	159.96	176.17	195.20	165.04	165.04
The World Index (2178)	170.94	1.0	171.97	111.65	151.78	149.80	0.5	2.21	169.26	170.19	112.56	150.77	149.02	178.97	154.50	154.50

Latest prices were unavailable for this edition.

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